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| Executive Member | Councillor Vivienne Michael | | |
| Strategic Management Team Lead Officer | Rachel O'Reilly | | |
| Author | Alison Wilks | | |
| Telephone | 01306 870645 | | |
| Email | Alison.wilks@molevalley.gov.uk | | |
| Date | 22 March 2016 | | |
| Ward (s) affected | All | Key Decision | Yes |
| Subject | Affordable Housing Position Statement - February 2016 | | |
| RECOMMENDATIONS | | | |
| <p>The Executive is asked to approve the Affordable Housing Position Statement and Action Plan 2016 attached at Appendix A.</p> | | | |
| CORPORATE PRIOROTY OUTCOMES | | | |
| ENVIRONMENT | | | |
| A highly attractive area with housing that meets local need | | | |
| <ul style="list-style-type: none"> In consultation with the community, develop plans for how land is used in Mole Valley. Whilst safeguarding the Green Belt, we will set out proposals for jobs and homes, retail, leisure and commercial development. Identify opportunities to create more affordable housing. <p>The proposals contained in this report support the continued delivery of affordable housing and the above corporate priorities. Development of a new Local Plan that explains how land is used in Mole Valley will provide a clear opportunity to identify sites for affordable housing.</p> | | | |
| PROSPERITY | | | |
| A vibrant local economy with thriving towns and villages | | | |
| <ul style="list-style-type: none"> Begin the transformation of Leatherhead town centre. Work with rural communities and businesses to help them thrive. <p>The Transform Leatherhead initiative provides the opportunity to develop an appropriate proportion of new affordable homes. Such development will contribute to a balanced community and support the vibrancy of the local economy and levels of employment in Leatherhead.</p> <p>Rural communities need a level of affordable housing for people who have been brought up in villages and cannot afford to live there. In turn these households can contribute to the diversity of the rural community and economy.</p> | | | |

COMMUNITY WELLBEING

Active communities and support for those who need it

- Support individuals and families who find themselves unintentionally homeless so that education and employment are not put at risk.

The Council prevents households from becoming homeless by using a number of options. However, in some cases a statutory homelessness application is the only option, which requires the Council to provide households with emergency accommodation. When the Council's own stock of emergency accommodation is full, bed and breakfast is used as a last resort and more often than not this is located outside of the district. Ultimately, these households are generally housed on a permanent basis in rented housing association stock. There is insufficient turnover in this stock to house those who are accepted as homeless and those waiting on the Housing Register a good supply of new affordable housing helps ensure that these households do not wait indefinite periods for a permanent home within the district. Permanent affordable rented homes enables low income households to live stable lives and prevents their employment and education of their children being put at risk.

The Executive has the authority to determine the recommendations, as set out in the Part 3 of the Council's Constitution.

1.0 BACKGROUND

- 1.1 The Affordable Housing Position Statement 2016 sets out the Council's current plans to deliver new affordable homes. It builds on the track record of delivery and takes account of the work undertaken by the Affordable Housing Scrutiny Panel in 2015 to improve the delivery of new affordable homes, as well as forthcoming changes in Government funding and national planning policy.
- 1.2 Since 2007/08, 438 new affordable homes have been completed in Mole Valley. The Council has been committed to a target of an average of 50 homes per year and this has been achieved despite reducing levels of government subsidy, high land prices typical of the South East and Surrey and the constraint of 75% of the District being designated Green Belt, an Area of Outstanding Natural Beauty and open countryside.
- 1.3 Changes in funding and national planning policy present further challenges to the Council's ability to enable the development of new affordable homes and alongside existing mechanisms, new approaches and opportunities need to be explored to continue and improve delivery.
- 1.4 The Government's consultation on changes to the definition of affordable housing contained in the National Planning Policy Framework brings a degree of uncertainty. As the consultation has only recently closed, it is considered appropriate, at this time, to produce a Position Statement and associated Action Plan. These set out background information on affordable housing and delivery and detail actions proposed for the future to improve the delivery of new affordable homes. Once the outcome of the consultation is known, the Statement will form a sound basis for the development of an Affordable Housing Strategy which will be reviewed annually by the Executive, updated when a new Local Plan has been adopted and amended in response to future legislative change.

2.0 LEGISLATIVE CHANGE

- 2.1 An extract of the Council's response to the Government's consultation is attached at Appendix B. Among a number of proposed changes to the National Planning Policy Framework, is the proposal to widen the definition of affordable housing to include innovative affordable home ownership products that do not have 'in perpetuity' and 'recycling' of sales receipts restrictions.
- 2.2 Mole Valley's response to the consultation makes the following points: the policy shift towards affordable home ownership may restrict the number of affordable rented homes developed; rural communities may be deterred from supporting the development of affordable homes because they are not in perpetuity and do not support the long term interests of their communities; to ensure value for money sales receipts from shared ownership homes should be recycled to invest in new affordable housing.
- 2.3 The Government's flagship scheme is the £2.3 billion Starter Home Initiative and the planning policy requirements for it are outlined in the consultation paper. This initiative will offer new build homes for first time buyers who are under 40. A 20% discount will be applied to the sale price with a cap of £250,000.
- 2.4 The Starter Home Initiative will be attractive to some households combined with the Government's Help to Buy Individual Savings Account (ISA). Developers will need to reduce their prices for it to be a financially viable option for some households, as new build prices for one bedroom homes in Mole Valley start at approximately £250,000.

3.0 FINANCIAL IMPLICATIONS

- 3.1 A lack of affordable homes puts strain on the homelessness service and the Council's stock of emergency accommodation and, as a last resort, bed and breakfast has to be used. This in turn places pressure on the Council's revenue budget.
- 3.2 Capital of up to £4.5m is currently available to the Council to invest in new homes with housing associations. Whilst the original ring fenced stock transfer receipt will ultimately diminish, some capital will continue to be available as long as the Council is able to collect financial contributions through its affordable housing planning policy.

4.0 LEGAL IMPLICATIONS

- 4.1 The supply of new affordable homes is critical in enabling the Council to fulfill its statutory responsibilities under the homelessness legislation and particularly to avoid the use of bed and breakfast and prevent families from staying in this accommodation for more than six weeks.

5.0 OPTIONS

- 5.1 There are two options the Executive are asked to consider.

Option 1

To approve the recommendation that the Affordable Housing Position Statement 2016 at Appendix A be approved.

Option 2

That the recommendation is not approved and further work is requested.

6.0 CORPORATE IMPLICATIONS

Monitoring Officer Commentary

- 6.1 The Monitoring Officer is satisfied that all relevant legal implications have been taken into account in the report.

S151 Officer Commentary

- 6.2 The s151 Officer confirms that all relevant financial risks and implications have been considered in the report

Risk Implications

- 6.3 As the existing supply of new affordable homes with housing associations does not fully meet the needs of those on the Housing Register waiting to be housed and those who have been accepted as homeless, new supply needs to be developed to enable the Council to fulfill its statutory responsibilities. The risks of not enabling development are: increased numbers on the Housing Register; inability to fulfill statutory responsibilities to homeless households; increase in the number of households in bed and breakfast; and households with children and or expecting a child remaining in bed and breakfast for more than six weeks. In turn this will result in higher revenue expenditure on bed and breakfast and the risk of paying compensation to families placed in bed and breakfast for more than six weeks.

Equalities Implications

- 6.4 Mole Valley has an aging population and the County has identified that at least two to three Extra Care Sheltered Housing schemes need to be developed in the area. This requirement will be further developed for the new Local Plan.

Employment Issues

- 6.5 There are no employment issues relating directly to the Council in relation to this report.

Sustainability Issues

- 6.6 New affordable homes are built to Building Regulation and HCA standards for sustainability. Some housing associations will go beyond these standards.

Consultation

- 6.7 The Scrutiny Committee was consulted on this report on 8 March 2016.

Communications

- 6.8 A press release has been prepared on this report.

BACKGROUND PAPERS

- 6.9 Affordable Housing Programme 2007/08 to 2016/17+
Executive Report 20 October 2015 Affordable Housing Scrutiny Panel
Housing and Planning Bill 2015 to 2016
Consultation on proposed changes to national planning policy - Department of Communities and Local Government December 2015

Appendix A

Mole Valley District Council

Affordable Housing Position Statement February 2016

Introduction

This Position Statement sets out the Council's current plans to deliver new affordable homes. It builds on the track record of delivery and takes account of the work undertaken by the Affordable Housing Scrutiny Panel in 2015 to improve the delivery of new affordable homes as well as forthcoming changes in government funding and national planning policy.

Since 2007/08, 438 new affordable homes have been completed in Mole Valley. This has been achieved despite reducing levels of government subsidy, high land prices typical of the South East and Surrey and the constraint of 75% of the district being designated Green Belt, an Area of Outstanding Natural Beauty and open countryside.

Changes in funding and national planning policy present further challenges to the Council's ability to enable the development of new affordable homes and alongside existing mechanisms, new approaches and opportunities need to be explored to continue and improve delivery. This Statement provides background information on affordable housing, explains current and past delivery and sets out proposed actions on the delivery of new affordable homes. The Action Plan is attached at Appendix 1.

The Government's consultation on changes to the definition of affordable housing contained in the National Planning Policy Framework brings a degree of uncertainty. As the consultation has only recently closed, it is considered appropriate, at this time, to produce a Position Statement and associated Action Plan setting out background information and detailing actions proposed for the future to improve the delivery of new affordable homes. Once the outcome is known, the Statement will form the basis of an Affordable Housing Strategy which will be reviewed annually by the Executive, updated when a new Local Plan has been adopted and amended in response to future legislative change.

Corporate Commitment and Strategic Links

The Council has a corporate priority to increase the development of new affordable homes, which is supported by this Statement, the adopted Core Strategy 2009, the Affordable Housing Supplementary Planning Document 2010, the Asset Management Strategy 2015 and Homelessness Strategy 2015-2020.

The Core Strategy sets a target to secure a minimum of 950 net affordable units within the District between 2006 and 2026, which is an average of 47.5 per year; and the Council's corporate target is an average of 50 homes per year. Performance on delivery is monitored monthly and reported annually to Council.

This commitment was supported by the Council's decision to ring fence £5m from the capital receipt received from the stock transfer of the Council's housing stock to Circle Housing Mole Valley in 2007, for investment in new affordable homes.

What is Affordable Housing?

Affordable housing includes social rented, affordable rented and intermediate housing such as shared ownership, provided to specified eligible households whose needs are not met by the market. In other words affordable housing is required to help those who do not have enough income or savings to buy or rent a home on the open market. The definition is set out in the National Planning Policy Framework 2012, which the Council has applied in the Core Strategy and Affordable Housing Supplementary Planning Document. The relevant extract can be found at Appendix 2 of this Statement.

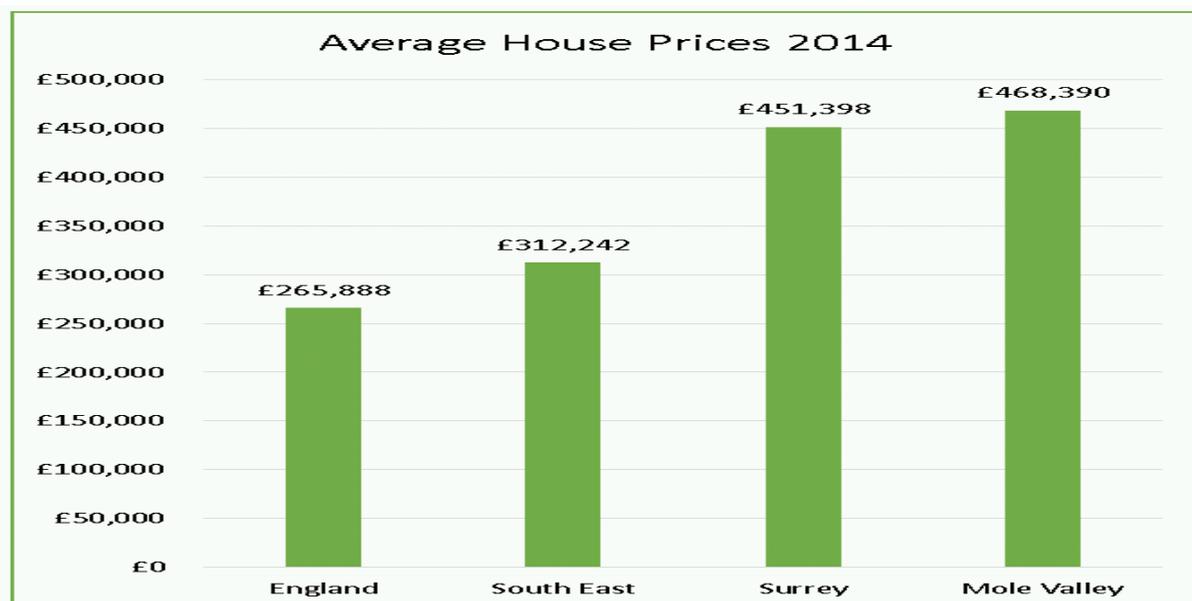
Affordable housing is generally provided by housing associations (now known as Registered Providers of social housing). Associations are registered and regulated by the government's agency the Homes and Communities Agency (HCA). The main housing associations operating in Mole Valley are: Circle Housing Mole Valley, Mount Green Housing Association, Thames Valley Housing, Raven Housing Trust, Affinity Sutton, Transform Housing and Support and A2 Dominion.

The housing associations generally provide rented and shared ownership homes. There are intermediate rent and different home ownership products, but these have not been significantly developed. Housing associations provide two types of rented homes, 'social rent' at 60% of the market rent and 'affordable rent', which is 80% of the market rent. New affordable homes are generally let at 'affordable rents' and homes let on a 'social rent' are converted to an 'affordable rent' when a new tenant moves in. Shared ownership proportions can start at a 20 to 25% purchased share and 80 to 75% rental share, through to buying 100% of the property. In rural areas this is generally restricted to a maximum equity purchase of 80%.

Why is Affordable Housing Needed?

Households need affordable housing when they cannot afford to rent or buy on the open market. Table 1 below shows that the average house price in Mole Valley is £468,000, which is higher than the national and Surrey average. The cheapest properties on the open market in Mole Valley are bedsits and one bedroom homes starting at about £165,000. Table 2 shows that to be successful with an 80% mortgage in Mole Valley an income of £107,000 per annum is needed.

Table 1



Source: Home Truths 2015/16 – The Housing Market in the South East – National Housing Federation

Table 2

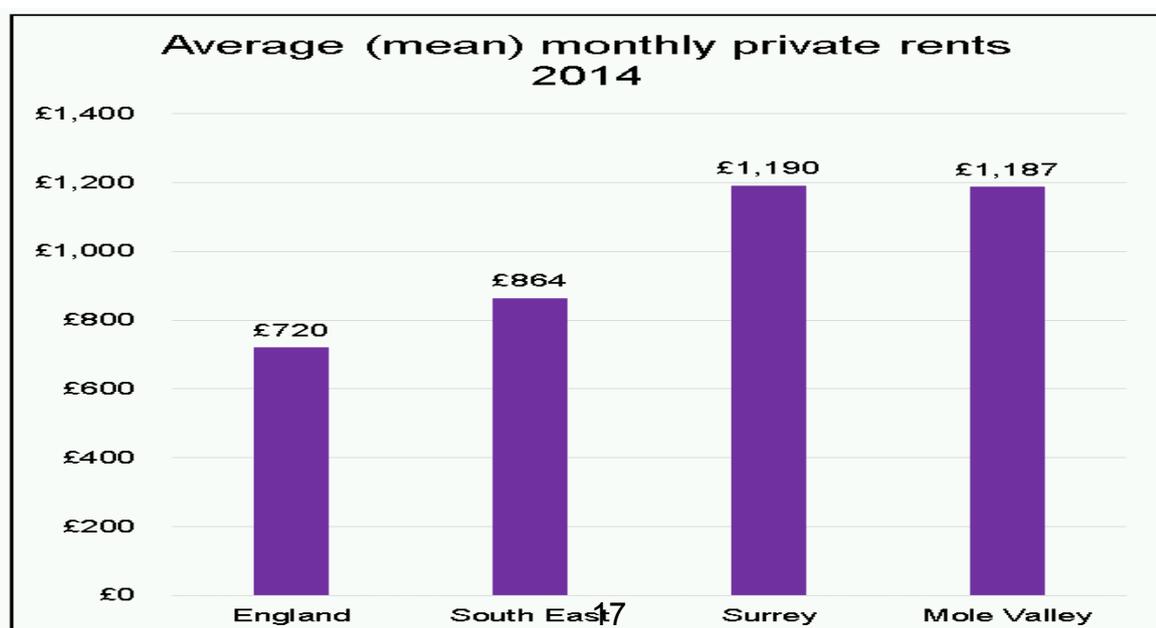


Source: Home Truths 2015/16 – The Housing Market in the South East – National Housing Federation

Shared ownership and other affordable home ownership initiatives provide an option for those on lower incomes to buy. For shared ownership an income of £28,000, up to a maximum of £60,000, with savings of around £7,000 are required. Shared ownership has proved to be a popular and successful product in Mole Valley.

Open market rents are also expensive in Mole Valley, as shown in table 3 below and the average open market rent for Mole Valley is £1,187 per month.

Table 3



Source: Home Truths 2015/16 – The Housing Market in the South East – National Housing Federation

In addition to the above affordability issues the Council has a legal responsibility towards statutory homeless households and to have a published Housing Allocations Scheme. To carry out these responsibilities the Council has to arrange affordable accommodation for households in housing need. This is usually by nomination to a housing association. Currently there are 473 households on the Housing Register, which includes those accepted as homeless. Households waiting on the Housing Register are shown in the table 4 below.

**Table 4 Households on the Housing Register by Band and Bedroom Size
31 January 2016**

| Band | 1 Bed | 2 Bed | 3 Bed | 4 Bed + | Total |
|--------------|--------------|--------------|--------------|----------------|--------------|
| 1 | 22 | 13 | 2 | 2 | 39 |
| 2 | 30 | 94 | 22 | 9 | 158 |
| 3 | 158 | 70 | 43 | 5 | 276 |
| Total | 210 | 177 | 67 | 19 | 473 |

Source: Mole Valley District Council

Approximately 80% of registered households require one and two bedroom homes. The majority of households, 210, are waiting for a one bedroom home and of these 102 are over the age of 55. However, a need remains for larger family homes and this is because housing association three and four bedroom vacancies do not occur frequently. There has not been a four bedroom house become vacant for let since 2013, and table 5 below illustrates this point.

Table 5 Households Housed from the Housing Register by Financial Year and Bedroom Size up to 31 January 2016

| Year | Over 55 1 Bed | 1 Bed | 2 Bed | 3 Bed | 4 Bed + | Total |
|-------------|--------------------------|--------------|--------------|--------------|----------------|--------------|
| 2008/9 | 51 | 81 | 49 | 28 | 2 | 211 |
| 2009/10 | 41 | 89 | 59 | 23 | 1 | 213 |
| 2010/11 | 89 | 85 | 53 | 27 | 1 | 255 |
| 2011/12 | 61 | 96 | 60 | 22 | 5 | 244 |
| 2012/13 | 66 | 79 | 51 | 34 | 5 | 235 |
| 2013/14 | 87 | 88 | 57 | 26 | 3 | 261 |
| 2014/15 | 71 | 83 | 81 | 35 | 0 | 270 |
| 2015/16 | 50 | 85 | 41 | 30 | 0 | 206 |

Source: Mole Valley District Council

Finally, the last Housing Needs Survey in 2007 forecast that there was a net annual shortfall of 1,070 affordable homes in the district. This forecast will be updated during the preparation of a new Local Plan for Mole Valley.

How is Affordable Housing Provided and Funded in Mole Valley?

Housing associations may deliver affordable homes by:

- buying property on the open market and refurbishing for letting or selling as affordable housing;
- developing land they already own, such as under used amenity land or garage sites;
- buying land to develop; and
- purchasing the affordable housing element on private sector developments where the Council's planning policy requires a proportion of affordable homes to be provided – this arrangement is typically referred to as 'section 106'. It is explained in further detail under the heading below 'Affordable Housing and Planning Policy'.

Housing associations borrow and use their reserves to fund the development of affordable homes. Their borrowing is secured against their property assets and repaid using a proportion of the rental income received from tenants. In the past the HCA has provided significant capital subsidy towards rented and shared ownership affordable housing, but this has diminished over the last six years. Subsidy may also be available through the acquisition of land at a reduced price achieved through the 'section 106' process or direct capital subsidy from the Council. Associations also cross subsidise schemes with receipts from shared ownership sales and more frequently with open market sales. The overall direction is for housing associations to become self financing.

The Council's Capital Funding for Affordable Housing

Since 2007/08, the Council has invested £5.8m in capital towards 438 new affordable homes developed since stock transfer. The Council has two sources of capital funding to invest in new affordable homes: financial contributions through the planning system, the balance at present is £1,640,000; and the balance of the £5m stock transfer capital receipt (ring fenced for affordable housing), which is £2,907,000, making a current total of £4.5m available for investment. The financial contributions must be spent within five years and are, therefore, spent before the stock transfer capital receipt.

Following the Government's introduction of 'affordable rent' as a form of affordable housing, on 1 March 2011 the Executive agreed that the Council's capital investment for new affordable homes be prioritised for social rented homes. The HCA has indicated that their capital subsidy will no longer be available for affordable rented homes and funding will be shifted to affordable home ownership initiatives such as the £2.3 billion Starter Home Initiative.

There is, therefore, scope for the Council's capital investment to be widened to not only subsidise the development of social rented homes, but also affordable rented homes, shared ownership homes and to contribute towards innovative solutions to provide new affordable homes. This may include for example investment with traditional Registered Providers, joint ventures with developers and Registered Providers or with small community housing trusts. Investment with smaller organisations will be subject to their financial capacity based on an assessment of their reserves, existing assets and revenue stream and the ability to borrow.

Action Point

To invest the Council's capital ring fenced for affordable housing in social and affordable rented and shared ownership homes, and to contribute towards innovative solutions to provide new affordable homes.

Affordable Housing and Planning Policy

The Council's adopted Core Strategy 2009, policy CS4, sets out the Council's definition of affordable housing, which is in keeping with the current National Planning and Policy Framework 2012, and the affordable housing policy that applies to residential sites submitted for planning. While the approved Affordable Housing Supplementary Planning Document (SPD) 2010, explains how policy CS4 is implemented.

Policy CS4 requires that all new residential development schemes contribute towards the provision of new affordable homes, as follows:

- new housing developments of 1 to 9 dwellings to have a financial contribution equivalent to providing 20% of the total number of dwellings as affordable;
- 30% of the dwellings on new housing sites of 10 to 14 dwellings have to be affordable homes; and
- 40% of the dwellings on all new housing developments of 15 dwellings or more have to be affordable.

Key points of the policy are:

- a mix of tenure is required for affordable housing and this is set at 50% affordable rent and 50% shared ownership;
- there is a specific policy to promote the development of affordable homes in rural areas through rural exception sites;
- the size of affordable housing required is the same as market housing – policy CS3 in which the Council particularly seeks the development of two and three bedroom homes;
- application of the policy is subject to financial viability and developers often claim that sites are not financially viable with a financial contribution towards affordable housing or on site affordable housing;
- affordable homes are exempt from Community Infrastructure Levy; and
- conversion of office floor space to residential use is permitted development and policy CS4 does not apply.

The Government's consultation on changes to the definition of affordable housing closed on the 22 February 2016, and the Affordable Housing Policy CS4 contained in the Core Strategy and Affordable Housing SPD will need to be reviewed and amended when the Government implements the outcome. A review of this Position Statement will follow with a view to developing an Affordable Housing Strategy.

Action Point

Develop an Affordable Housing Strategy when the Government publishes the new national definition for affordable housing.

The development of a new Local Plan for Mole Valley, over the next 18 months, will also bring the opportunity to review the detail of the Affordable Housing Policy CS4 and Affordable Housing SPD. The Affordable Housing Strategy would be amended accordingly.

Preparation of the Local Plan will be an opportunity to consider the Affordable Housing Scrutiny Panel's recommendation to increase the proportion of affordable homes on 'section 106' sites and for that calculation to be made on the percentage of bedrooms provided on a site, rather than as at present on the number of units. Consideration will also be given to the size of accommodation to be developed for affordable housing, as the Housing Register statistics in Table 4 above indicate the need for smaller units with a smaller proportion of family sized homes. The existing Core Strategy policy CS3 is not entirely consistent with this evidence and currently requires the development of two and three bedroom homes. Detailed housing needs analysis will be undertaken for the Local Plan and the findings on need by bedroom size will also have to be taken into account to develop the Council's affordable housing policy on this issue.

Action points

As part of the Local Plan process review:

- the percentage of affordable housing to be required on section 106 sites and how it is calculated; and
- the size of affordable homes to be developed.

Delivery of Affordable Homes

The Council works with housing associations, developers and other partners to enable the delivery of new affordable homes. The number of affordable housing completions since Large Scale Voluntary Stock Transfer to Circle Housing Mole Valley in 2007 is shown in Table 6 below. The number varies per year because of fluctuations in the house building market and because developments typically take three to five years to come to fruition. A scheme may start in one financial year, but may not complete until the next or subsequent financial year. The average per year achieved is 48.6, which compares to the Core Strategy average of 47.5 per year and the corporate target of an average of 50 per year.

Table 6 Affordable Housing Completions 2007/8 to 2015/16

| Year | Affordable Housing Completions |
|--------------|---------------------------------------|
| 2007/08 | 67 |
| 2008/09 | 56 |
| 2009/10 | 55 |
| 2010/11 | 22 |
| 2011/12 | 88 |
| 2012/13 | 23 |
| 2013/14 | 21 |
| 2014/15 | 66 |
| 2015/16 | 40 |
| Total | 438 (average per year 48.6) |

Source: Mole Valley District Council

By comparisons table 7 provides information on affordable housing completions across the Districts and Boroughs of Surrey since 2008/09 to date.

Table 7 Affordable Housing Completions – Surrey Districts and Boroughs

| Local Authority | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 31 Dec 2016 |
|--------------------|-------------|------------|------------|------------|------------|------------|------------|------------------------|
| Elmbridge | 65 | 38 | 185 | 83 | 44 | 120 | 94 | 34 |
| Epsom & Ewell | 100 | 7 | 86 | 64 | 91 | 104 | 89 | 0 |
| Guildford | 121 | 65 | 86 | 69 | 22 | 17 | 68 | 27 |
| Mole Valley | 56 | 55 | 22 | 88 | 23 | 21 | 66 | 40 |
| Reigate & Banstead | 215 | 131 | 155 | 67 | 56 | 102 | 142 | 74 |
| Runnymede | 133 | 127 | 80 | 3 | 129 | 16 | 153 | 121 |
| Spelthorne | 67 | 114 | 111 | 152 | 63 | 44 | 16 | 11 |
| Surrey Heath | 104 | 14 | 14 | 127 | 22 | 9 | 0 | 0 |
| Tandridge | 29 | 11 | 62 | 63 | 48 | 57 | 60 | 0 |
| Waverley | 69 | 52 | 0 | 24 | 83 | 10 | 45 | 52 |
| Woking | 99 | 111 | 35 | 26 | 13 | 17 | 73 | 76 |
| TOTAL | 1058 | 725 | 836 | 766 | 594 | 517 | 806 | 435 |

Source: Elmbridge Borough Council

The affordable housing programme for 2015/16, and beyond is attached at Appendix 3. There are also approximately 50 units currently at the pre-planning application stage.

Strategy for Continued Delivery

The Council has made a clear corporate commitment to continue the delivery of new affordable homes to meet the needs of its residents and support its communities and economy. To continue this against a background of national change, new approaches and opportunities need to be explored. This commenced during 2015, when the Affordable Housing Scrutiny Panel met to consider how the delivery of affordable homes could be improved. The Panel made four recommendations that were agreed by the Executive on 20 October 2015. These are listed below. The Executive added a further recommendation, also listed below.

Affordable Housing Scrutiny Panel Recommendations Approved by the Executive, 20 October 2015

- That Ward Members continue to be informed of new major planning applications in their area once submitted via the weekly list of planning applications.
- The Panel recommends that the Local Plan Working Group looks proactively at increasing the proportion of affordable housing provided within a development and also the bedroom size of the properties provided.
- That the Executive undertake further work to assess the viability of the Council building, managing and maintaining affordable housing, particularly in light of the Transform Leatherhead regeneration project, which may provide development opportunities.
- That sites within the built up area continue to be carefully reviewed as part of the Local Plan making process and sites that come forward for consideration from developers in the meantime are assessed in terms of opportunities for affordable housing and are pursued where appropriate.
- That consideration be given to whether developer contributions for affordable housing can be directed to local community housing trusts and associations rather than the wider range of organisations as at present.

The third action set out above (Action Plan Point 5) to assess the viability of the Council directly or indirectly building affordable homes will be a detailed piece of work, but timely given the opportunities presented by Transform Leatherhead and other Council owned sites that may come forward. There are a range of mechanisms that might be considered, which include the Council building its own homes, the establishment of a housing company or special purpose vehicle or a partnership with a private developer and or a Registered Provider. These and land acquisition options on behalf of Registered Providers have the potential benefit of low level, long term revenue streams for the Council.

The Action Plan attached at Appendix 1 incorporates the Scrutiny Panel's actions along with the other actions highlighted above in this Statement. The following further actions have been identified to aid the delivery of new affordable homes and these are also detailed in the Action Plan.

Action Points

- Evaluate the corporate implications of introducing Article 4 Direction to remove permitted development rights to convert office floor space to residential use, which would then enable the application of the affordable housing policy.
- Promote the development of new affordable homes to Parish Councils and Resident Associations.
- Encourage Circle Housing and Mount Green Housing Association to carry out further reviews of their assets, to identify land that they own that could be potentially developed, such as unused amenity land and garage sites.

- Progress the Council owned site at The Foundry, Dorking for the development of affordable housing.
- Mole Valley has an aging population and Surrey County Council (SCC) has identified that at least two to three Extra Care Sheltered Housing schemes need to be developed in the area, which will also enable long term savings in Adult Social Care costs. This requirement will be further developed for the new Local Plan.

Review of this Position Statement

This Statement will be reviewed once the Government has announced the outcome of the proposed changes to the definition of affordable housing in the National Planning Policy Framework and will then be developed into an Affordable Housing Strategy, which will be subject to consultation with partners. The Strategy will be reviewed annually by Executive and further reviews will be required when a new Local Plan is adopted, a new Affordable Housing SPD is approved and when there is legislative change. Delivery of affordable homes will continue to be monitored monthly and reported to Council at least annually.

Appendix 1

AFFORDABLE HOUSING POSITION STATEMENT ACTION PLAN FEBRUARY 2016

| | Initiative | Lead | Target Date | Action |
|----|--|--------------|--|---|
| 1. | <p>To invest the Council's capital ring fenced for affordable housing in social and affordable rented and shared ownership homes, and to contribute towards innovative solutions to provide new affordable homes.</p> <p>That consideration be given to whether developer contributions for affordable housing can be directed to local community housing trusts and associations rather than the wider range of organisations as at present.*</p> | Alison Wilks | From April 2016 | Investment decisions will be on a scheme by scheme basis in consultation with the Executive Member for Community Engagement and Resident Services. Investments will be recorded on the Affordable Housing Programme against each scheme. |
| 2. | Develop an Affordable Housing Strategy when the government publishes the new national definition for affordable housing. | Alison Wilks | December 2016 | The timing of the development of the strategy will be dependent on the government's announcement on the new definition for affordable housing. |
| 3. | <p>As part of the Local Plan process review: the percentage of affordable housing to be required on section 106 sites and how it is calculated; and the size of affordable homes to be developed.</p> <p>The Panel recommends that the Local Plan Working Group looks proactively at increasing the proportion of affordable housing provided within a development and also the bedroom size of the properties provided.*</p> | Jack Straw | The target adoption date for the new Local Plan is Autumn 2018 | Policy CS4 of the Mole Valley Core Strategy establishes the proportion of affordable housing that MVDC will require as part of residential development schemes. It will be reviewed as part of the preparation of the new Mole Valley Local Plan. This will include viability appraisals to assess what proportion of new housing schemes can be required to be affordable in the future taking into account revisions to the definition of affordable housing that will include Starter Homes and other charges such as the Community Infrastructure |

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| | | | | <p>Levy.</p> <p>Consideration will be given to the scope for interim measures that take account of changes to the Government's definition of affordable housing.</p> |
| 4. | That Ward Members continue to be informed of new major planning applications in their area once submitted via the weekly list of planning applications.* | Gary Rhoades-Brown | Arrangement in place | |
| 5. | That the Executive undertakes further work to assess the viability of the Council building, managing and maintaining affordable housing, particularly in light of the Transform Leatherhead and other opportunities* | Nick Gray | February 2016 to April 2017 | <p>The multi-disciplinary officer Asset Board will progress this piece of work. A range of potential vehicles suitable for the Council will be risk assessed.</p> <p>The Board will consider other Council owned and public sector owned sites. This will include work with SSC. The Department of Communities and Local Government public land list will be reviewed. There are currently no public sector sites for disposal in Mole Valley on the Homes and Communities Agency's current disposals list.</p> <p>The Board will also consider land acquisitions on behalf of Registered Providers and other joint initiatives that may include the development of new affordable homes and low level long term revenue streams for the Council.</p> |

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| 6. | That sites within the built up area continue to be carefully reviewed as part of the Local Plan making process and sites that come forward for consideration from developers in the meantime are assessed in terms of opportunities for affordable housing is pursued where appropriate.* | Jack Straw Gary Rhoades Brown. | There will be a call for brownfield sites for inclusion as housing sites in the Local Plan in Sumer 2016 Opportunities to maximise the delivery of affordable housing will be assessed as part of the consideration of planning applications as they come forward | The suitability of sites in the built-up areas that land owners and developers suggest should be allocated for housing development will be considered as part of the preparation of the new Local Plan; their assessment will include their potential to contribute to the provision of affordable housing in terms of tenure, type and size |
| 7. | Evaluate the corporate implications of introducing Article 4 Directions to remove permitted development rights to convert office floor space to residential use, which would then enable the application of the affordable housing policy. | Jack Straw | June 2016 | Survey office buildings to identify those at risk of residential conversion; engage with neighbouring Councils who have introduced Article 4 Directions to identify issues; consider risks. |

| | | | | |
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| 8. | Promote the development of new affordable homes to Parish Councils and Resident Associations. | Alison Wilks | April 2016 | Presentations given to the Parish Councils and Resident Associations meetings on 27 January 2016. Feedback awaited and will be followed up. |
| 9. | Encourage Circle Housing and Mount Green Housing Association to carry out further reviews of their assets to identify land that they own that could be potentially developed such as unused amenity land and garage sites. | Alison Wilks | April 2016 | Meet with Circle Housing Mole Valley and Mount Green Housing Association and follow up. |
| 10. | Progress the Council owned site at The Foundry, Dorking for the development of affordable housing. | Julia Gilbert | March 2016 | Different options for the site are under evaluation |
| 11. | Mole Valley has an aging population and Surrey County Council (SCC) has identified that at least two to three Extra Care Sheltered Housing schemes need to be developed in the area, which will also enable long term savings in Adult Social Care costs. This requirement will be further developed for the new Local Plan. | Jack Straw | Identify potential opportunities in draft Local Plan by Summer 2017 | Discussions have been held with Surrey County Council (SCC) working on the 'Accommodation with Care and Support Project' to identify issues and requirements. Further analysis will be undertaken in consultation with SCC and the Clinical Commissioning Groups. |

* Recommendation from Affordable Housing Scrutiny Panel

Appendix 2

Current National Definition of Affordable Housing

The Council's definition of 'affordable housing' is defined as in the National Planning Policy Framework (NPPF, 2012):

Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

The following tenures are classed as affordable housing in accordance with the NPPF.

Social Rented

This is rented housing owned and / or managed by local authorities or housing associations (RPs), where the rent charged is well below market levels. Guideline target rents are determined through the national rent regime. These homes have usually been developed with a public or private subsidy and are generally only available to those on the Council's housing register.

Affordable Rented

Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable rent is subject to rent controls that require a rent of no more than 80% of the local rent (including service charges where applicable).

Intermediate Affordable Housing

This is homes for sale and rent provided as a cost above social rent, but below market levels subject to the criteria in the affordable housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

The Council acknowledges that there are many different 'products' that are being introduced by the Homes and Communities Agency (HCA). When new products emerge which meet the definitions above, they may be considered, for planning purposes, as affordable housing.

| Registered Provider of Social Housing | Scheme Location | Number & Type of Units | Section 106 Site | MVDC Capital Grant | Progress |
|---------------------------------------|---------------------------|--|------------------|--------------------|---|
| Mount Green Housing Association | Springfield Road Westcott | <p>4 units</p> <p>1 x 3 bed house and 1 x 3 bed house for affordable rent</p> <p>1 x 2 bed house and 1 x 2 bed house for shared ownership</p> | Yes | £2,500 | Completed |
| Circle Housing Mole Valley | Edenside, Bookham | <p>35 units</p> <p>7 x 2 bed houses, 4 x 2 bed bungalows, 2 x 2 bed wheelchair bungalows, 5 x 1 bed flats and 8 x 2 bed flats for affordable rent</p> <p>9 x 2 bed flats for shared ownership</p> | No | | <p>Completed</p> <p><i>24 bedsit sheltered scheme with warden flat that was in need of refurbishment and was no longer popular with older people demolished to create the new development site</i></p> |

| Registered Provider of Social Housing | Scheme Location | Number & Type of Units | Section 106 Site | MVDC Capital Grant | Progress |
|---------------------------------------|--------------------|---|------------------|--------------------|---|
| Circle Housing Mole Valley | Middlemead Bookham | <p>69 units</p> <p>1 x 1 bed bungalow, 32 x 3 bed houses and 2 x 4 bed houses for social rent</p> <p>2 x 1 bed bungalows, 2 x 1 bed wheelchair bungalows, 4 x 2 bed houses, 2 x 3 bed houses and 2 x 4 bed houses for affordable rent</p> <p>4 x 1 bed flats, 4 x 2 bed flats, 4 x 2 bed houses and 10 x 3 bed houses for shared ownership</p> | No | | <p>Start on site April 2015</p> <p>Scheme includes 10 x 2 bed houses for sale making the total development 79 units</p> <p>Phase 1 completion 18 units Jan to March 2016 – since amended to July to September 2016 - 10 social rent, 4 affordable rent and 4 shared ownership</p> <p>Phase 2 Completion Dec 2016 to March 2017</p> <p>Phase 3 Completion Nov 2017 to April 2018</p> <p><i>46 post war Orlit non traditional construction houses that were not cost effective to refurbish to be demolished to create the development site</i></p> |

| Registered Provider of Social Housing | Scheme Location | Number & Type of Units | Section 106 Site | MVDC Capital Grant | Progress |
|---------------------------------------|--|---|----------------------|--------------------|--|
| Transform Housing and Support | Kingston Road Leatherhead | 1 large three bedroom house for rent. Property will be shared by 3 young people and a responsible adult. Management and support will be provided by Transform | No | £40,000 | Street property acquisition. Completed |
| Thames Valley Housing | River Lane Yard Fetcham | 8 shared ownership units 4 x 2 beds 4 x 3 beds | Yes | | Planning permission granted not started on site |
| Jayes Estates | Behind Ockley Village Hall Ockley | 10 units 4 x 1 bed flats, 4 x 2 bed houses and 2 x 3 bed houses for affordable rent | Rural Exception Site | | Start on site to be confirmed |
| A2 Dominion | Therfield School site, Cleeve Road Leatherhead | 36 units 2 bedroom flats affordable rent and 1 bedroom flats for shared ownership | Yes | | Start on site post April 2016 |
| Gross Total | | 163 | | £42,500 | |

Appendix B

Extract from the Council's Response of 18 February to the Government's Consultation on Proposed Changes to National Planning Policy Framework

Affordable Housing

Q1. Do you have any comments or suggestions about the proposal to amend the definition of affordable housing in national planning policy to include a wider range of low cost home ownership options?

MVDC support, in principle, proposals to amend the definition of affordable housing to include a wider range of low cost home ownership options. We hope that widening the definition will bring the aspiration of home ownership within reach of a greater number of Mole Valley's residents. The Mole Valley Core Strategy already seeks to secure an element of affordable housing as part of all residential schemes and increasing the provision of affordable housing is a Corporate Priority for MVDC.

However, MVDC are concerned that the inclusion of starter homes within the definition of affordable housing could reduce the amount of other affordable units, like shared ownership and affordable rent, being built in the district. It is important to also meet the needs of those who will never be able to afford a home even at the level of subsidy proposed for starter homes. Starter homes should therefore add to the overall supply of housing, not replace existing forms of affordable housing. MVDC believes there is a role for cheaper market housing but this should not be at the expense of other affordable housing options. We are concerned that the proposed definition of affordable housing will include affordable housing products which are not subject to 'in perpetuity' restrictions. This is of significant concern in an area like Mole Valley which has a high demand for affordable housing alongside a constrained housing land supply. The district does not have a large source of housing land to continue to provide a steady stream of starter homes indefinitely, constraints such as the Green Belt and the AONB already restrict the supply of new homes. Allowing starter homes to be sold on the open market within 5 years is a short term solution and takes no account of the long term need for affordable housing. Shared ownership schemes, which already form part of the affordable housing definition and remain affordable in perpetuity, provide an important stepping stone for first time buyers on to the housing ladder. MVDC does not want to see shared ownership units being lost as a result of the requirement to provide starter homes.

The recycling of proceeds from affordable housing sales ensures receipts and public subsidy are recycled and this in turn provides good value for money with future investment in new affordable homes. The government has allocated £2.3 billion for the Starter Home Initiative; this is a significant amount of public subsidy and we would wish to see this recycled to provide more affordable homes.

It is not clear whether the proportion of starter homes in new housing schemes which will be set by the Government is in addition to the affordable housing requirement. This needs clarifying. If both starter homes and other forms of affordable housing are to be required, developers are likely to claim that sites are not financially viable with both and it will be the affordable housing element that is restricted. This will prevent the development of affordable rented homes that local authorities need to house homeless households to whom they have a statutory responsibility and those who cannot meet their housing needs through the open market.

Paragraphs 9 and 11 of the consultation document could be read as being contradictory. Paragraph 9 states that we should plan to meet the need for both home ownership and affordable rented homes. However, this would be perverse if a local authority is legally required to promote the delivery of Starter Homes (as set out in paragraph 11) if there is not an overriding need from those aspiring to home ownership. It should be down to local planning authorities to determine the proportions of tenures to set within their affordable housing requirements, which are justified by evidence of need.

Q2. Do you have any views on the implications of the proposed change to the definition of affordable housing on people with protected characteristics as defined in the Equalities Act 2010? What evidence do you have on this matter?

As set out in our response to Q1, starter homes will not meet the housing needs of many Mole Valley residents who are in housing need. The proposals would have a negative impact on many of those people with protected characteristics as defined in the Equalities Act 2010. The inclusion of starter homes in the definition of affordable housing will reduce the opportunities to provide other types of affordable housing and therefore restrict the already limited options of those who would not be able to afford a starter home. MVDC does not agree with the proposed age limit of 40 years. There are people over the age of 40 who are living in private rented accommodation and who have not been able to get on the housing ladder. There seems no logical reason for this arbitrary age limit and no evidence has been presented to demonstrate why it has been proposed.

Q17. Should rural exception sites be used to deliver starter homes in rural areas? If so, should local planning authorities have the flexibility to require local connection tests?

A rural exception site is an exception to local policies and designed to meet a pressing local need for affordable housing and should therefore include a range of affordable housing types. In many cases starter homes may not be the best way to meet local needs (see response to Q1 regarding affordability issues with starter homes). Allowing starter homes to be sold on the open market within five years of purchase would provide only a short term fix and not a long term solution. The importance of a home being affordable in perpetuity is perhaps most pronounced in rural areas where house prices tend to be higher and opportunities for new development are more limited. Ensuring a supply of affordable housing in rural areas is important in attracting families to the area and ensuring the future viability of rural services, such as the village school, post office etc. If rural exception sites are to be used to deliver starter homes then there should be a requirement for a local connection test.