



**GREATER
CAMBRIDGE
CITY DEAL**

Securing future prosperity

Report To: Greater Cambridge City Deal Executive Board 1 September 2016

Lead Officer: Alex Colyer, Executive Director (South Cambridgeshire District Council)

Monitoring delivery of 1,000 extra new homes on rural exception sites

Purpose

1. As part of the City Deal agreement, the partners committed to “the delivery of an additional 1,000 new homes on rural exception sites” in addition to “the acceleration of delivery of 33,480 homes by 2031”. This report updates a report to the 7 July 2016 meeting. It addresses what the 1,000 homes are additional to, the definition of eligible homes, and sets out how the 1,000 additional dwellings will be monitored and performance against the commitment to date.

Recommendations

2. The Executive Board is recommended to:
 - a) Endorse the approach to monitoring set out in paragraphs 11 to 23 of this report.
 - b) Note progress towards delivery as set out in paragraph 18.

Reasons for Recommendations

3. In order to demonstrate delivery of the City Deal agreement, it is necessary to establish a clear and transparent monitoring process.

Background

4. The Joint Assembly on 7 July and Executive Board on 13 July 2016 considered a paper on monitoring the delivery of 1,000 extra new homes on rural exception sites. The City Deal agreement includes a commitment “to enable delivery of 1,000 extra new homes on rural exception sites” as part of the Councils’ commitment to delivery of housing in this important growth area. The focus of discussion at both meetings was on the definition of eligible homes to count towards the 1,000 additional homes. Officers had originally considered a range of options for defining eligible homes but in the previous report only the recommended option was expressed. This proposed that all homes on traditional rural exception sites and on five year supply sites be used as the measure.

5. The Assembly's consideration of the paper resulted in them outlining a strong concern at the inclusion of market housing towards the commitment, and considered an alternative approach that counted only affordable housing on those sites should be considered. There was a mix of views but the largest number signified that they would be in favour of that approach.
6. Discussion at the Executive Board also focused on the definition of eligible homes. Officers confirmed that from a planning perspective, either approach could be monitored for this purpose. A Member of the Assembly attended and raised further concerns that the affordable housing counted towards the 1,000 additional homes should all be for people with a local connection. The Board deferred a decision on the monitoring definition and whilst affirming a commitment to delivering 1,000 additional affordable homes asked officers to bring a report back to this meeting with a refined definition. It did not support the approach to limit affordable housing to those with a local connection as part of the definition for the City Deal. It also agreed to consider the introduction of a stretch target after the Local Plans had been adopted. This report has been updated in the light of the Board's decision.
7. The City Deal commitment to deliver 1,000 additional homes is in the context of another City Deal commitment to accelerate delivery of 33,480 planned homes" at the time that the agreement was made. The 1,000 homes in the agreement is therefore additional to the 33,480 figure.
8. The City Deal agreement was made at the time when the South Cambridgeshire Local Plan was identifying a housing requirement of 19,000 homes and the Cambridge Local Plan a figure of 14,000 homes, giving a total requirement of 33,000 homes for the Greater Cambridge area. There is therefore no direct relationship between the Objectively Assessed Housing Need (OAHN) figures that inform the Local Plan housing requirements and the 1,000 additional homes forming part of the City Deal agreement, which is about housing delivery. However, the delivery of extra homes from this commitment would provide further flexibility in housing delivery.
9. Following additional work on OAHN undertaken in response to the Local Plan Inspectors' preliminary findings in their letter of May 2015, a proposed modification was submitted to the Local Plan Inspectors in March 2016 to increase the OAHN in the South Cambridgeshire Local Plan by 500 dwellings to 19,500 homes. No change is proposed to the Cambridge Local Plan as a result of the additional work. This gives a total requirement of 33,500 homes for Greater Cambridge.
10. Coincidentally, the updated housing requirement is essentially the same figure as the City Deal commitment to accelerate the delivery of 33,480 homes that were planned at the time that the agreement was made. It is therefore proposed that the monitoring of the additional 1,000 homes through the City Deal agreement can be undertaken alongside the monitoring of the 33,500 home requirement in the Local Plans.

Considerations

Monitoring the City Deal commitment

a) What are the 1,000 homes additional to?

11. Given the City Deal commitment is for homes on rural exception sites in addition to 33,480 planned homes at the time of the agreement, any homes delivered above that figure that are on rural exception sites, as defined for the purposes of the City Deal, would be contributing to the commitment. As this is coincident with the 33,500 homes requirement for Greater Cambridge, only once delivery exceeds the level needed to meet the Local Plans requirements can any eligible homes be counted towards the 1,000 additional home commitment.
12. The latest Joint Housing Trajectory for Greater Cambridge is included in both the Cambridge and South Cambridgeshire Annual Monitoring Reports, based on data to November 2015. It demonstrates that 35,773 homes are now expected to be delivered in Greater Cambridge during the plan period, compared with the housing requirement of 33,500 homes. This shows that 2,273 more homes are expected to be delivered than the increased housing requirement. As the 33,480 figure in the City Deal against which the additional 1,000 homes will be assessed is now essentially the same as the updated requirement, these 2,273 homes have the potential to count towards the additional 1,000 homes.
13. For the purposes of monitoring the City Deal commitment, housing supply (both through actual housing completions and through predicted completions from permissions, allocations and windfalls) have been compared with the 33,500 housing requirement in the submitted Local Plans, as this is the same as the figure in the City Deal agreement (Appendix 1, Figure 1).
14. The housing requirement in the submitted Local Plans of 33,000 homes for Greater Cambridge amounts to an annualised requirement of 1,650 homes. This shows that for the next few years the Councils are making up a shortfall from the early years of the plan period during the recession and, as a result, there is projected to be no surplus in terms of delivery over and above that required to meet the housing requirement. However, from 2017-18 there is projected to be a surplus in terms of delivery. Assuming future updates to the housing trajectory confirm that position, from that year, any eligible sites up to the level of the surplus will count to the City Deal commitment.

b) What are eligible homes for the purposes of the additional 1,000 homes?

15. The City Deal agreement is for 1,000 “homes” on rural exception sites. It is therefore important to define the developments that should contribute to this figure for the purposes of monitoring the Councils’ performance against the City Deal agreement. In planning terms, rural exception sites are sites for 100% affordable housing (or with the minimum amount of market housing to make them viable) adjacent to village frameworks and can only be brought forward where there is a demonstrable local housing need for affordable housing. The supply of traditional ‘rural exception sites’ has declined in South Cambridgeshire over the last few years mainly due to the Council currently being unable to demonstrate a five year supply. This has meant

that instead of landowners releasing land at a lower value for 'rural exception site schemes', many are seeking the delivery of market-led housing sites due to their greater value. Therefore a number of 'five year supply' sites are coming forward in the rural area as exceptions to normal planning policy, which provide a proportion of affordable housing as part of the scheme.

16. As well as the five year supply having an impact on the traditional 'rural exception site' schemes, the 1% rent reduction for social housing has also compounded their deliverability. This has particularly affected the Council's own new build programme where one of its key objectives was to help deliver 'rural exception site' schemes. Other housing providers have also been affected by the 1% rent reduction, which has seen a slow down in activity whilst they review their development programmes to take account of the loss of revenue.
17. It is considered that reflecting current circumstances, and given the extensive discussion at the Assembly and Board and the subsequent resolution, it is appropriate to interpret the City Deal agreement to count the affordable housing on sites coming forward in the rural area as exceptions to the normal Local Plan policies. The following definition is therefore proposed:

"All affordable homes (as defined by the National Planning Policy Framework) constructed on rural exception sites, and on sites not allocated for development in the local plans and outside of a defined settlement boundary."

This revised definition reflects the Assembly and Board's aspiration to follow local expectations at the time of the "Deal's consideration that homes were affordable homes (as per the majority of homes delivered through the rural exceptions site policy).

c) What method should be used for monitoring the additional 1,000 homes? What is delivery to date?

18. To monitor the City Deal commitment, the Councils will identify and record eligible planning permissions and completions and the forecast and actual year they are built, as set out in Appendix 1, Figure 2. The table also includes a cumulative total so that the delivery of the 1,000 additional homes can be identified. That will be added to as new sites come forward.
19. On the basis of the published housing trajectory, there are 173 affordable homes that are eligible and count towards the additional 1,000 homes in the City Deal commitment. The table is supported by a list of the individual sites included in the overall figure (Appendix 1, Figure 3). Since that time and up to end of June 2016, an additional 69 affordable homes on eligible sites have been granted permission (see Appendix 1, Figure 4), making a total provision of 242 affordable homes towards the 1,000 home commitment by 2031. They will be included in the new housing trajectory when it is updated in the next Annual Monitoring Report.

Publishing the result of monitoring

20. The Councils prepare a housing trajectory every year that is published in their Annual Monitoring Reports (AMRs), and this records the actual and predicted housing completions on a year by year basis for the plan period 2011-2031, and shows which

of these are affordable homes. It is prepared in consultation with the development industry, but in a number of cases a lower estimate of predicted completions has been included than anticipated by the site promoters on the precautionary principle, in particular for major sites such as new settlements.

21. The AMRs will include the results of monitoring the City Deal commitment.
22. Government has requested monitoring information to the Cities Unit on a six monthly basis. Updates will be provided to the City Deal Assembly and Executive Board for reporting to Government. Comprehensive monitoring of housing completions is carried out on an annual basis, and therefore comprehensive monitoring of the commitment can only be carried out on an annual basis. However, a partial update can be provided on a six monthly basis on a similar basis to Appendix 1, Figure 4 to identify new permissions granted.
23. To contribute to the delivery of the 1,000 extra homes, the City Deal has supported the establishment of the Greater Cambridge Housing Development Agency (HDA). See the separate report on this agenda.

Consideration of a stretch target

24. The Board also considered whether a stretch target should be set beyond the 1,000 homes. It agreed to consider the introduction of a stretch target after the Local Plans had been adopted. This is consistent with officers' advice to the meeting.

Options

25. Officers have considered whether there are other methods of monitoring the delivery of the 1,000 additional homes on rural exception sites and have concluded that on the basis of the Board's earlier views, the proposal now advanced represent the most appropriate option and that there are no other reasonable alternative options that provide a similarly clear and transparent method.
26. In the development of the report to the previous meetings, officers nevertheless gave consideration to the approach to defining eligible homes for the purposes of the monitoring the City Deal commitment, including the type of sites that should be eligible and whether market and / or affordable homes should be counted. The report put forward one option. The previous Assembly and Board meetings considered both these options and also whether only affordable homes on rural exception sites should be counted and whether affordable homes should be limited to those with a local connection.

Implications

27. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, there are no significant implications.

Background Papers

Report to the City Deal Joint Assembly on 7 July 2016, Item 9, Monitoring delivery of 1,000 extra new homes on rural exception sites:

<http://scams.moderngov.co.uk/ieListDocuments.aspx?CId=1073&MId=6642&Ver=4>

Report to the City Deal Executive Board on 20 July 2016, Item 11, Monitoring delivery of 1,000 extra new homes on rural exception sites:

<http://scams.moderngov.co.uk/ieListMeetings.aspx?CId=1074&Year=0>

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