

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Planning Committee

7 December 2016

**AUTHOR/S:** New Communities Team Leader

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**Application Number:** S/2011/14/OL

**Parish(es):** Longstanton and Oakington & Westwick

**Proposal:** This is hybrid application which seeks an outline planning permission for the development of Phase 2 of Northstowe with details of appearance, landscaping, layout, scale and access reserved, and full planning permission for the Southern Access Road (West). For the purposes of this report the distinction will be drawn between:

A Development of the main Phase 2 development area for up to 3,500 dwellings, two primary schools, the secondary school, the town centre including employment uses, formal and informal recreational space and landscaped areas, the eastern sports hub, the remainder of the western sports hub (to complete the provision delivered at Phase 1), the busway, a primary road to link to the southern access, construction haul route, engineering and infrastructure works; and

B Full planning permission for the construction of a highway link (Southern Access Road (West)) between the proposed new town of Northstowe and the B1050, improvements to the B1050, and associated landscaping and drainage.

**Site address:** Land to the east of Longstanton and west of the guided busway occupying the northern part of the site used by the former Oakington barracks.

**Applicant(s):** Homes and Community Agency (HCA)

**Recommendation:** Further to the resolution to grant planning permission made on 29 July 2015 (see Appendix 1 to this report), officers recommend that the Planning Committee:

- (i) Approves the amendments to the S106 Agreement in relation to affordable housing and authorises officers on this basis to complete, with the HCA, an Agreement under Section 106 of the Town and Country Planning Act 1990, specifically:

- a. 10% (350) affordable rented homes to be delivered at an accelerated rate such that the affordable rented homes make up 20% of each of the early housing parcels of Phase 2, and;
  - b. 40% (1400) starter homes, and;
  - c. A review mechanism that would apply following the grant of reserved matters approvals for 700 starter homes. The review mechanism will address any broadening of the definition of starter homes;
- (ii) delegates any further minor editing of the S106 Agreement to the Joint Director for Planning and Economic Development
  - (iii) Notes the approach to binding third party land within the S106 Agreement and approves a new planning condition (at Appendix 4 to this report);
  - (iv) Notes that the HCA intends to own and manage the burial ground

<b>Key material considerations:</b>	Ownership and management of burial ground; Binding of third party land; Provision of starter homes.
<b>Committee Site Visit:</b>	None
<b>Departure Application:</b>	No
<b>Presenting Officer:</b>	Paul Mumford, (New Communities Team Leader) James Stone, (Principal Planner/Case Officer)
<b>Application brought to Committee because:</b>	Amendments required to proposal that was brought before Northstowe Joint Development Control Committee (NJDCC) on 24 June 2015 and 29 July 2015.
<b>Date by which decision due:</b>	The application is subject to an extension of time that has agreed the date of 31 December 2016 for finalising the S106 Agreement and issuing any decision notice.

### **Introduction and summary**

- 1 Northstowe is pre-eminent in the Greater Cambridge growth strategy. The Northstowe Area Action Plan (2007) and Northstowe Development Framework Document (2012) demonstrate that the Council is committed to the successful delivery of this development and to the creation of Northstowe as a new community. Alongside 3,500 new homes Phase 2 plays a key role in shaping the economic future of the town and will create an estimated 1,900 new jobs and £815 million GVA in the immediate local area and in addition to this an estimated 2,250 new jobs in the Greater Cambridge

area. The proposals also provide for delivery of the sports pitches, town centre and community spaces plus a secondary school education campus. The Council's current Annual Monitoring Report expects Northstowe to deliver almost 1,000 new homes in the next 5 years – playing a key part in meeting housing need in the District.

- 2 Northstowe Phase 2 proposals were considered by the Northstowe Joint Development Control Committee in June and July 2015. Resolution was granted for planning permission subject to completion of the S106 Agreement and planning conditions. A S106 package totalling £73 million including education and community infrastructure provision, transport mitigation for the scheme and a commitment to 20% affordable housing was endorsed. The second phase of Northstowe will include the town centre and education campus, and is therefore at the heart of the new town.
- 3 Significant progress has been made at the first phase of Northstowe being delivered by Gallagher Estates Ltd. Earthworks have been carried out across the first phase, including balancing ponds and strategic drainage infrastructure. The primary road network is under construction and the primary school building to serve the first phase has been completed and is being used for this academic year by Hatton Park Primary School whilst their building undergoes refurbishment. Northstowe Pathfinder School will open in September 2017. Planning permission has been granted for the local centre square, and the 'Western Park' that includes sports pitches, the bowls green and allotments. Bloor Homes are constructing the first houses for the new town, and it is expected that first residents will move into Northstowe around Easter time 2017.
- 4 In advance of the issue of planning permission for the second phase of Northstowe, the HCA has progressed some on-site work and is preparing for submission of site-wide discharge of conditions. On site, a successful programme to identify and remove unexploded ordnance was carried out early in 2016 and archaeological investigations have been underway over the summer. Public consultation was held in May/June 2016 to inform the design code for Phase 2, and the town centre strategy is now being prepared. This work is being undertaken at risk ahead of the issue of planning permission to allow as swift as possible progress through discharge of site wide conditions and on to reserved matters discussions. It is anticipated that new homes will be constructed for occupations in 2019.
- 5 Officers consider that three issues warrant a return to planning committee before the S106 Agreement can be finalised and the planning permission issued for the second phase of the town. These issues are that the HCA intends to own and manage the burial ground; that an approach has been agreed (and tested through legal advice) to binding third party land to ensure that any land that is currently not controlled by the HCA is available for the delivery of the new town; and that the HCA is seeking to revise the affordable housing provision from 20% affordable housing to 40% starter homes and 10% affordable rented units.
- 6 The HCA sent a letter to SCDC dated 16 November 2016 to confirm this revised affordable housing proposal (enclosed at Appendix 2).
- 7 The Northstowe Joint Development Control Committee no longer exists and it is appropriate for the SCDC planning committee to consider the issues presented in this report and to determine that the resolution should be amended.

## Planning History

- 8 The principle of Northstowe was established in the Cambridgeshire and Peterborough Structure Plan 2003, and the South Cambridgeshire District Council Core Strategy 2007. Also adopted in 2007, the Northstowe Area Action Plan sets out the local policy context for the delivery of the new town.
- 9 Northstowe Phase 1 was granted outline permission in April 2014 for up to 1,500 new homes. Since then various reserved matters applications have been approved. During 2015 construction commenced on the Primary School, works to the B1050 and a Foul Water Pumping Station at Webbs Hole Sluice. Works commenced on the first residential parcel in 2016. The first phase of Northstowe is being brought forward by Gallagher Ltd.
- 10 The Homes and Communities Agency (HCA) submitted a hybrid planning application for Northstowe Phase 2 on 22 August 2014. The application sought:
  - (a) Outline permission for the main Phase 2 development area for up to 3,500 dwellings, two primary schools, secondary school, the town centre, formal and informal recreational space and landscaped areas, sports hubs, road and infrastructure works
  - (b) Full planning permission for the construction of a new Southern Access Road (West) from Northstowe to the B1050.
- 11 On 12 February 2015, the SCDC Cabinet endorsed a list of requirements for the S106 Agreement for Northstowe Phase 2, and recommended that particular consideration be given to the provision of Dry Drayton Road ponds in order to provide flood attenuation for Oakington. The County Council Economy and Environment Committee discussed its requirements for the S106 Agreement at a meeting on 3 February 2015.
- 12 The Northstowe Joint Development Control Committee considered the planning applications on 24 June 2015 and 29 July 2015. Appendix 1 to this report shows that on 29 July 2015 the NJDCC resolved to grant outline planning permission for Northstowe Phase 2, subject to S106 items and triggers, and gave agreement to the planning conditions. The NJDCC also resolved to grant full permission for the Southern Access Road (West), subject to the planning conditions.
- 13 Appendix 1 shows that the NJDCC approved the wording of proposed planning conditions, subject to detailed drafting by officers. The NJDCC also approved:
  - (i) the essential Section 106 items (including contingency) totalling £75,533,681 and with Public Open Space maintenance sum to be calculated dependent upon the agreed housing mix, and the Homes and Communities Agency (HCA) contributing £73 million of such sum; and
  - (ii) 20% affordable housing with reviews of the affordable housing percentage taking place
    - at the expiry of 3 years from the date of the grant of the outline planning permission if substantive development has not commenced within such period
    - prior to occupation of the 1,750th residential unit at Phase 2
    - during the period commencing with the occupation of the 2,500th residential unit and before the occupation of the 3,000th residential unit at Phase 2.

- 14 In October 2015 agreement was reached between officers and the HCA that the 20% affordable housing would be a 60%/40% split of affordable rented units (420 units) and shared ownership (280 units). This is equivalent to 12% affordable rent and 8% shared ownership across the whole of Phase 2.

### **Planning Policies**

- 15 *See Appendix 3*

### **Consultation**

- 16 Public consultation for two weeks was carried out on the HCA's letter regarding housing tenure mix, running from Friday 18 November to Friday 2 December 2016. Responses received at the date this report went to print are attached at Appendix 5. Any additional responses to this consultation will be reported verbally to Planning  
17 Committee.

- 18 South Cambridgeshire Strategic Housing team commented that it is considered that, subject to anticipated changes to the definition of starter homes, the revised proposal of 40% starter homes and 10% affordable rented units does give the flexibility to provide a wider housing choice for residents than the original 20% affordable housing offered.

- 19 Cambridgeshire County Council has confirmed that no change to the S106 package would be required to accommodate the proposed change to the housing mix for Northstowe Phase 2.

- 20 The methodology of the Transport Assessment is to take the trip generation from the site and the County Council does not believe, without an established evidence base, that having starter homes on the site would have changed the assessment undertaken, and therefore how the trip generation process is addressed through the planning process. Residents of the site as proposed in the revised housing mix may have a greater propensity to use local buses, which would need to be monitored as Phase 2 builds out.

To the County Council's best estimations the level of movement in the demographic forecasts from the proposed change in housing mix is unlikely to require a change in the S106 contributions that have been agreed previously. As this is not based on an established evidence base in relation to starter homes, the County Council would wish to retain the ability to review its position and requirements for school sizes and timing, especially in the context of future phases of Northstowe.

### **Representations**

- 21 The public and Parish Councils were consulted for 14 days on Friday 18 November 2016 with regard to the proposed amendments to affordable housing. Responses received at the date this report went to print are attached at Appendix 5. Any additional responses will be reported verbally to Planning Committee.

## Planning comments

- 22 In assessing these revised proposals it is important to consider any material changes in circumstances since the NJDCC resolution to grant permission on 29 July 2015. The planning committee is advised that since NJDCC in June and July 2015 the Housing and Planning Act 2016 has been approved by Parliament, which promotes the supply of starter homes in England.
- 23 In the Act “starter home” means a building or part of a building that—  
(a) is a new dwelling,  
(b) is available for purchase by qualifying first-time buyers only,  
(c) is to be sold at a discount of at least 20% of the market value,  
(d) is to be sold for less than the price cap, and  
(e) is subject to any restrictions on sale or letting specified in regulations made by the Secretary of State
- 24 The Act also states that a “Qualifying first-time buyer” means an individual who—  
(a) is a first-time buyer,  
(b) is at least 23 years old but has not yet reached the age of 40, and  
(c) meets any other criteria specified in regulations made by the Secretary of State (for example, relating to nationality).
- 25 The Act stipulates that the “price cap” is £250,000 outside Greater London.
- 26 The Act states that an English planning authority must carry out its relevant planning functions with a view to promoting the supply of starter homes in England.
- 27 In section 70 of the Town and Country Planning Act 1990 (determination of applications: general considerations), for subsection (3) substitute—  
“(3) Subsection (1) has effect subject to the following—  
(a) section 65 and the following provisions of this Act;  
(b) section 15 of the Health Services Act 1976;  
(c) sections 66, 67, 72 and 73 of the Planning (Listed Buildings and Conservation Areas) Act 1990;  
(d) regulations under section 5 of the Housing and Planning Act 2016 (starter homes requirements).”
- 28 The Act explains that the Secretary of State may by regulations provide that an English planning authority may only grant planning permission for a residential development of a specified description if the starter homes requirement is met. The “starter homes requirement” means a requirement, specified in the regulations, relating to the provision of starter homes in England. The regulations have not yet been laid.
- 29 No other material changes are highlighted that would change the balance of merits previously considered.
- 30 It is considered that the period of time between July 2015 and now has not given rise to any need for further environmental information. The information contained within the Environmental Statement submitted with the outline planning application is considered to be adequate and appropriate given the nature of the development proposed.

### **Burial ground**

31 The committee report to NJDCC of 29 July 2015, inter alia, stated:

*“It is not considered reasonable to secure provision of a burial ground (in relation to Northstowe Phase 2) through either the S106 Agreement or a planning condition as it is not considered to be essential to allow the proposed development to go ahead.”.*

32 Notwithstanding this, as part of the negotiations in relation to Northstowe Phase 2, the HCA has been persuaded to offer provision of a burial ground on Phase 3 land and provide that land prior to the completion of Phase 2. In view of the comment in the July 2015 report, members are advised that whilst the S106 Agreement and a planning condition shall include provision for burial ground it is not a material planning consideration and should not be taken into account in any decision whether to grant planning permission.

### **Third party land**

33 Where an applicant does not own or control all of the land which is the subject of a planning application there is an established and robust route which nevertheless facilitates the grant of the relevant permission. This route has been endorsed in the circumstances of this application by Queen’s Counsel who was jointly instructed by SCDC and the HCA. In this case, there are two limited land ownerships outside the control of the HCA, one ownership does not in any event relate to any essential S106 infrastructure. The other land ownership does include land for sports provision but the planning conditions and the S106 Agreement will be such as to restrict further development at the relevant triggers until the land required for that sports provision is itself subject to a new S106 Agreement. As indicated this approach is endorsed by Queen’s Counsel. A new planning condition is recommended which is shown at Appendix 4 to this report.

### **Affordable housing**

34 In July 2015 the NJDCC resolved to grant outline planning permission for up to 3,500 new homes and associated infrastructure with a series of S106 obligations totalling £73 million and 20% affordable housing. In October 2015 officers agreed with the HCA (the applicant) that the 20% affordable housing would be a 60%/40% split of affordable rented units (420 units) and shared ownership (280 units). This is equivalent to 12% affordable rent and 8% shared ownership across the whole of Phase 2.

35 In Jan 2016 the Prime Minister announced Northstowe as one of five pilots for direct commissioning with 40% starter homes to accelerate delivery and enhance access to the housing market for first time buyers. It is a government priority and Conservative Party manifesto commitment to deliver 200,000 starter homes by 2020. The HCA, as the government housing and regeneration agency, is keen to ensure that housing delivery on key government sites contributes fully to the provision of starter homes and meets government policy. The Housing & Planning Act 2016 sets out the Government’s intention to introduce starter homes as a form of affordable housing, although secondary legislation is still awaited on its implementation.

36 Following the Prime Minister’s announcement, the HCA confirmed that it would seek a change from the 20% affordable housing agreed previously for Northstowe Phase 2

(which would have provided up to 700 affordable units in total: 420 affordable rent units maximum and 280 shared ownership units maximum), to 40% starter homes (up to 1,400 starter homes units).

- 37 Starter homes are to be targeted at first time buyers aged between 23 and 40. Properties are to be sold at a discount of at least 20% of market value and sale prices capped at £250,000. A 20% discount would mean a maximum open market value of a property of £312,500 which for Northstowe is likely to be a one or two bedroom property.
- 38 Initial assessment of this by the Council's housing team suggested that a household income to afford a starter home is likely to be in the region of £67,800, this would equate to an estimated monthly housing costs of approximately £1,200 compared to approximately £1,050 for a 50% shared ownership property. With the help of the Help to Buy Equity Loan the income needed would be £54,000. The average median income level for the District is around £38,500; the lower quartile income is around £21,000. Officers were therefore concerned that this proposal would not cater for the majority of those in housing need, especially those on the housing register of which there are currently just under 1,700 applicants.
- 39 The HCA's confirmed intention to seek a 40% starter homes at Phase 2 of Northstowe therefore triggered considerable negotiation between the HCA and Council officers to ensure that the housing provided on Phase 2 went towards addressing the District's housing needs across a range of housing types whilst still meeting the Government's objectives. Officers sought to re-introduce affordable rented accommodation alongside starter homes and have succeeded in securing a commitment for 350 affordable rented units (10% of the total of Phase 2) on top of the 40% starter homes obligation imposed by the Prime Minister.
- 40 Officers also negotiated such that the affordable rented units would be delivered at an accelerated rate such that the affordable rented units would make up 20% of each of the early housing parcels of Phase 2. The mix for the 10% affordable rented units would be controlled by the Council to meet the needs identified on the housing register, that is, the mix would provide for a majority of one and two bedroom properties.
- 41 It is expected that the inclusion of 40% starter homes could increase the proportion of one and two bedroom dwellings at Phase 2. An increase in 1 and 2 bed dwellings is welcomed because local surveys illustrate that 1 and 2 bed properties are the dwelling types with the fastest growing demand. The Cambridge sub-region 2013 SHMA states that '*One person and couple households make up the majority of the household increase from 2011 to 2031 (96% of the change in household numbers).*'. Phase 2 delivers the town centre for Northstowe, which is considered to be an appropriate location for units with fewer bed-spaces such as apartments.
- 42 At the time of writing this report, the Housing Minister has signalled that the Government are looking to broaden the starter homes definition set out in the Housing and Planning Act to include other types of low-cost home ownership schemes such as rent-to-buy. This is supported by key housing bodies, such as the National Housing Federation and the Chartered Institute of Housing, and through various discussions with senior government officials. Housebuilders and lenders also support the broadening of the definition. It is anticipated that the Government will be publishing a white paper shortly that will give some clarification on this issue.
- 43 Alongside the commitment to the delivery of 20% affordable rented units in the early

phases of development (up to the 350 threshold) officers have also sought to ensure that the starter homes provisions are capable of review to capture any revised scope for that 'product' after 20% of Phase 2 has been provided as starter homes. Officers have secured a commitment to make provision in the S106 Agreement for a review mechanism such that half of the starter homes could be alternative forms of housing if there is any broadening in the definition of starter homes. The nature of the review mechanism would be that following grant of reserved matters approval for 20% of the second phase of Northstowe as starter homes (i.e. up to 700 starter homes units), the remaining 700 starter homes units in the second phase could be changed to alternative forms of tenure as permitted by a broader definition.

- 44 Officers also explored with the HCA the prospect that not all starter homes are able to be sold. In this event, the HCA would be required to revert to the Council to agree an alternative housing mix.
- 45 In the light of these discussions, it is considered that subject to anticipated changes in the starter homes definition and the provision to agree an alternative housing mix in the event that all starter homes do not sell, the revised proposal of 40% starter homes and 10% affordable rented properties does give the flexibility to provide a wider housing choice for residents, with the ability to provide a broader housing outcome than the original 20% affordable housing agreed at NJDCC in July 2016. The proposal is considered to balance National policy and local need.

#### **Implications for infrastructure requirements:**

- 46 It should be noted that although there has been no re-run of the viability appraisal on the revised proposal, it is understood that 40% starter homes is broadly equivalent in relation to the viability of the overall scheme based on the original 20% affordable housing, which was based on a viability appraisal supported by independent review. The introduction of the additional 10% affordable rented properties does not improve the viability but in order to meet national policy drivers, the HCA are proposing to proceed at some risk.
- 47 Starter homes, as subsidised market housing, are anticipated to have similar infrastructure requirements as other subsidised market housing (e.g. shared ownership) of the same house size. No changes are anticipated to the package of S106 requirements (e.g. education or community facilities provision) as a result of the changes to affordable housing presented in this report. The County Council has confirmed that to the best estimations the current S106 package would be satisfactory and that monitoring of the infrastructure provided through the S106 Agreement as the second phase of the new town is built out is essential to allow for any necessary review of timing and scale of provision especially in the context of future phases of Northstowe [NB Phase 3 will deliver approximately half of the total number of homes for Northstowe]. The letter received from the HCA (Appendix 2) confirms that the S106 package shall not be changed other than in relation to starter homes.

#### **Recommendations for revisions to S106 Agreement**

- 48 In the light of this assessment of the HCA's revised proposal, it is recommended that the S106 Agreement includes provision for 40% starter homes and 10% affordable rented units.
- 49 It is recommended that the S106 Agreement includes provision such that the affordable rented units would be delivered at an accelerated rate such that the affordable rented units would make up 20% of each of the early housing parcels of

## Phase 2.

- 50 It is further recommended that the S106 Agreement is written to require the applicant to provide an 'Affordable Housing Scheme' for each development parcel in which affordable rented units are to be located, to identify the details of type and number of affordable rented units. This shall enable the Council to control the housing mix of the 10% affordable rented units.
- 51 It is recommended that the S106 Agreement includes provision for 40% starter homes in accordance with the existing definition of starter homes (set out in the Housing and Planning Act 2016) and includes specific acknowledgement that if this evolves to include new/different housing products these could be introduced to Northstowe following the grant of reserved matters approvals that facilitate the delivery of 20% of the total number of dwellings in Phase 2 as starter homes.
- 52 It is also recommended that the S106 Agreement includes provision that in the event that not all starter homes are sold, the HCA must revert to the Council to agree an alternative housing mix.
- 53 A planning condition is to be imposed that would ensure that the submission of any reserved matters application relating to a development parcel for residential development shall include a schedule of the mix of market dwellings proposed within that parcel demonstrating how the proposed mix relates to the overall mix of market dwellings within the Phase 2 development site as a whole. The mix will have to take into account local knowledge of market demand.
- 54 It is recommended that this condition is expanded to require a schedule of the mix of market dwellings and starter homes.

### **Conclusions:**

- 55 Phase 2 at Northstowe is strategically significant. In addition to providing new homes, the proposals deliver the town centre, sports pitches, transport and education components of the settlement that are key to its future success. The application will provide an estimated 1,900 new jobs for the local area and its future residents are forecast to spend £18.7 million in the local economy per year.
- 56 The original affordable housing proposals for Northstowe Phase 2 are no longer available following the Prime Minister's clear statement on starter homes at Northstowe in January 2016. Nevertheless, officers have worked with the HCA to re-introduce 350 affordable rented homes and have negotiated so that this will be delivered at an accelerated rate across the early housing parcels of Phase 2 to help meet the District's immediate housing needs, and have agreed with the HCA a commitment to review starter homes provision and definitions following 700 units (20% of Phase 2). This component however needs to be considered in the context of the wider objectives set for the new settlement and the important part that these other infrastructure elements play in the delivery of this strategically significant development. Given the significant investment and infrastructure costs associated with this phase of development officers are satisfied that the affordable housing proposal outlined is acceptable in this case. Securing an approval and issuing planning permission for Northstowe is now a priority for the District as it seeks to meet its forecast housing need through site allocations rather than unplanned releases in the District and approval of this application is accordingly recommended.

## Recommendation

- 57 Further to the resolution to grant planning permission made on 29 July 2015 (see Appendix 1 to this report), officers recommend that the Planning Committee:
- (i) Approves the amendments to the S106 Agreement in relation to affordable housing and authorises officers on this basis to complete, with the HCA, an Agreement under Section 106 of the Town and Country Planning Act 1990, specifically:
    - a. 10% (350) affordable rented homes to be delivered at an accelerated rate such that the affordable rented homes make up 20% of each of the early housing parcels of Phase 2, and;
    - b. 40% (1400) starter homes, and;
    - c. A review mechanism that would apply following the grant of reserved matters approvals for 700 starter homes. The review mechanism will address any broadening of the definition of starter homes;
  - (ii) delegates any further minor editing of the S106 Agreement to the Joint Director for Planning and Economic Development
  - (iii) Notes the approach to binding third party land within the S106 Agreement and approves a new planning condition (at Appendix 4 to this report);
  - (iv) Notes that the HCA intends to own and manage the burial ground

## Background Papers:

The following list contains links to the documents on the Council's website and / or an indication as to where hard copies can be inspected.

- South Cambridgeshire Local Development Framework Core Strategy (adopted January 2007) and Northstowe Area Action Plan 2007.
- Submitted South Cambridgeshire Local Plan 2014
- Northstowe Development Framework Document (2012)
- Northstowe Development Framework Document Addendum - An exemplar of sustainable living (October 2012)
- Northstowe Area Action Plan (2007)
- Planning File Ref: S/2011/14/O

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