

Place shaping – balancing housing and economic growth**Responsible Officer**

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1.0 Summary

1.1 Ensuring the availability of an appropriate quantity and type of housing to meet local needs is a recognised national and local priority. The availability of appropriate housing is a potential constraint on economic growth in Shropshire and actions and interventions to address this are an important contribution to the delivery of the Council's adopted Economic Growth Strategy.

1.2 This report provides a short briefing regarding the current context for housing and economic growth and explains the work currently being undertaken by both members and officers to address the key issues.

2.0 Recommendations

2.1 Members are asked to consider and endorse the work described in the report and the accompanying presentation.

3.0 Opportunities and risks

3.1 To promote sustainable development in rural areas, national planning policy requires that housing should be located where it will enhance or maintain the vitality of rural communities. Planning policies should identify opportunities for our towns and villages to grow and thrive, especially where this will support local services.

3.2 In the recent past, Shropshire has seen a significant increase in the level of housing growth to meet high levels of demand. Whilst this is positive in quantitative terms, the Council's positive and pro-active approach to housing growth through the adopted Core Strategy and SAMDev plans has not always in practice delivered housing which helps to meet local needs. In qualitative terms, there has been a tendency for the type of housing to reflect the greatest marketability, which is for larger, detached properties. However, Shropshire is acknowledged as having a low-wage economy and such housing is therefore often beyond the means of local employees and existing residents. Further information about housing affordability in Shropshire is available here: <https://www.shropshire.gov.uk/media/7138/market-signals-and-housing-affordability-profile-september-2017-part-ii.pdf>

3.3 This issue presents a significant risk to economic growth since there is a clear and growing mismatch between housing needs and the housing options available locally. This, in turn, may lead to residents moving out of the county to other areas which offer higher wages and/or more affordable housing options and this may

restrict the ability for local businesses to attract and retain the required number of employees.

- 3.4 However, this situation also presents an opportunity for Shropshire Council to lead interventions which are designed to address the issues involved. This includes the Council's innovative 'Right Home Right Place' initiative (a presentation on this will accompany this report at the meeting).

4.0 Financial assessment

- 4.1 The delivery of an appropriate quantity and quality of housing provides Shropshire Council with the best possible opportunity to harness economic growth potential. New growth simultaneously imposes an additional burden on local services and provides opportunities to secure investment to improve local facilities which are the responsibility of Shropshire Council and other public service providers. Securing and maintaining a range of housing options for local employees and residents helps to foster a more balanced demography and more sustainable communities.

5.0 REPORT

Member Housing Advisory Panel

In February 2018, Cllr Robert Macey (Portfolio Holder for Planning and Housing Development) established a politically balanced member advisory panel to provide him with informal advice regarding qualitative issues such as the type and affordability of housing. The meetings held to date have focussed on existing practice; known challenges and issues; current national policy and good practice and; potential policy changes or other initiatives which Shropshire Council could introduce.

Changes to national thresholds for the provision of affordable housing on open market sites announced in a Ministerial Statement (Brandon Lewis) on 28th November 2014 have now started to impact the number of affordable homes provided on open market sites and the amount of financial contributions being made. For the last few years more than half of the affordable dwellings completed have been provided through this mechanism so although we are currently completing around 440 units per year this is likely to significantly reduce to less than 200 in future years. We have already seen a significant fall in the number of starts on site with only 185 starting on site in 2017/18.

As we are therefore increasingly dependent on the provision of affordable homes on exception sites we need to find new initiatives and policies in order to increase the number provided this way each year. We are focusing on the inclusion of more affordable tenures and delivery mechanisms as part of the Local Plan Review. We will continue to build on our community led housing and with the introduction of the Right Home Right Place initiative increase both our knowledge of housing need across the county and our ability to deliver affordable housing in the areas of greatest need. We are becoming increasingly aware that employers are finding it difficult to attract staff and to retain staff due to the unavailability of suitable housing. Added to this is the problem of retaining graduates and younger economically active individuals in the county. It is hoped that the greater understanding gained from the Right Home Right Place initiative linked to the changes discussed below will increase not just the number of homes but ensure the right homes are provided. Meetings with the member group have considered

the proposed actions and initiatives summarised below:

Self-build and Custom Build.

As the number of people registering on our self-build register increases there will be increasing demand on the Local Authority to provide serviced plots or facilitate the provision of plots on open market sites. We agreed that the best way to provide more serviced plots is by utilising land in our ownership and we should have consideration of the need identified on the register when disposing of any of our assets. Our first site will be for 48 units on London Road Shrewsbury. We may also seek a proportion of self-build plots on development sites of 10 dwellings or more, where there is an identified need for self-build. The number will depend on the level of need but will not exceed 10% of the total dwellings. These will be in addition to the affordable provision. Self-build and Custom build plots will be sold with the benefit of outline planning permission and access and services to the boundary will be in place.

Cross-Subsidy Housing Schemes

As the need for more exception sites increases the availability of land becomes more of an issue in order to incentivise land owners to release their land for affordable housing we have discussed the use of Cross Subsidy sites on rural exception sites with the principle objective of supporting local affordable housing needs, by allowing limited market housing to ensure delivery. Other Local Authorities have already implemented this on the strength of the current NPPF policies and although we do have a current policy this needs updating to increase the number of sites coming forward.

Key Worker Accommodation

It was felt that adopting the new term used in national planning guidance would allow us to widen the description. The new definition used in the NPPF is: **“Essential local workers”** This is described as public sector employees who provide frontline services in areas including health, education and community safety and can include NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers” Under discussion is how we can widen this to meet the needs for workers in specific locations to meet the housing needs of local business employees.

Entry level housing

The new NPPF para 71. States that these should be on land not already allocated for housing and comprise of one or more types of affordable homes. They must be adjacent to existing settlements and be proportionate in size. This is further described as being no larger than 1 ha and 5% of the existing settlement. Using our current standard of 30 homes per ha, larger settlements could have a maximum of 30 new dwellings for Entry Level homes. In smaller settlements the 5% maximum will come into use. For example a small rural settlement of 40 homes could only have a scheme of 2 new homes. This new tenure will allow more low cost home ownership to be developed on exception land which is required for either local needs or to address rural rebalance and meet the need for people employed locally. The lack of affordable housing to buy is one of the main issues we have identified for first time buyers and graduates looking for work in the area.

Increasing the number of affordable homes/ Local needs housing (including single plot exception sites)

The Council is committed to enabling the delivery of 'Community-Led' affordable housing projects which empower communities to commission their own homes to meet local needs. We recognise that this is an ambition for some communities and have developed an initiative to help Parish Councils in partnership with a Registered Provider or developers to develop homes that local people want and need and to help sustain their local communities. We would like to expand this to provide for those who wish to build their own home or provide for a wider need, for example cluster sites where development is allowed which meets the needs arising from more than one location where the parishes agree they can be grouped together. This should provide more housing which specifically meets local need and could include low cost home ownership or rent to support local economic growth.

National space standards.

We have agreed to include the National space standards for all affordable housing in Shropshire. This will be included in the Local Plan review and Type and Availability of Affordable Housing SPD. This will ensure better quality and more adaptable dwellings so residents are able to remain in their home longer. The revised NPPF has a larger emphasis on housing quality and we want to embrace this by introducing an accreditation scheme.

When agreed these new models of delivery and tenures will form part of the update to the Type and availability SPD as part of Local Plan Review as significant changes are envisaged which is preventing immediate changes, a new Housing Strategy will also include our vision of how housing will assist and contribute to the economic growth of the County.

Responding to Housing Needs – 'Right Home, Right Place' Initiative

To help Shropshire Council target appropriate type, tenure and location of housing in the County it is clear that more accurate data from a wider demographic is needed. To help with this, the Right Home Right Place initiative has been developed. Right Home Right Place (RHRP) builds on the traditional Housing Needs Surveys of the past to identify housing needs in an area by making the surveys more accessible and expanding the range of respondents and promoting it through social media, events and other marketing. Since the launch of Right Home Right Place in late May, there has been a steady response to surveys, both generally and in the parishes we have targeted: Prees, Condover and Longden. We have another 24 parishes who wish to undertake a Housing Needs Survey, but expect this figure to grow as more people become aware of Right Home Right Place and how it can help inform housing in their communities.

This data provides part of the evidence base needed to help inform the right homes are built in the right places. Since the launch of Right Home Right Place, it has become clear that employers are keen to work with us and conduct some business specific housing needs surveys. These would help inform housing strategy and economic strategy by helping companies retain and attract employees.

The information we have collected from RHRP highlights the issues of affordability and lack of suitable housing, especially highlighting how much people can afford and the type of property and tenure they require in very specific areas. Our Research and Intelligence team have provided very detailed information on

affordability issues in the different areas in Shropshire and the amount of money needed to buy a house in Shropshire ranges from 5.72 times the median income up to 9.27 times. Which is clearly unaffordable when the usual mortgage offer is from 3.5 to 5 times your income. Their reports also outlines the issue we have with inward and outward commuting as house prices and incomes in certain areas do not match up. All the evidence collected will inform policies and decision making including where any potential investments will be made.

A short presentation regarding the RHRP will be made to the Places Overview & Scrutiny Committee meeting, followed by an opportunity for members to ask questions.

6.0 Conclusion

- 6.1 Members and officers of Shropshire Council have recognised and have started to take pro-active steps to address the need to shape places by intervening to more closely manage qualitative aspects of housing alongside ensuring that a sufficient quantity of housing is delivered to meet local needs.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

None

Cabinet Member (Portfolio Holder)

Cllr Robert Macey, Portfolio Holder for Planning and Housing Development

Local Member

All (n/a to any specific ward)

Appendices

None