

CABINET

3 December 2001

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**AFFORDABLE HOUSING & MIXED-TENURE DEVELOPMENTS  
IN LEICESTER CITY CENTRE**

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**Joint Report from the Director of Housing and  
the Director of Environment, Development & Commercial Services**

**1. Purpose of report**

This report notes issues being raised on the provision of 'affordable housing' within City Centre housing developments and puts forward proposals for how to promote suitable site regeneration and redevelopment. It also deals specifically with a proposal from the Leicester Regeneration Company (LRC) for a 'moratorium' on the requirement for private developers to provide 'affordable housing' in parts of the City Centre.

**2. Summary**

A range of issues continue to be raised concerning how new housing development within the City Centre might accommodate some provision of 'affordable housing' and a mix in housing tenures.

The Leicester Regeneration Company (LRC) has put forward a proposal for a time-limited 'pilot' whereby planning applications in parts of the City could be released from requirements to provide 'affordable housing'.

This report considers this proposal and puts forward suggestions for a positive response whilst supporting existing Corporate policy to promote 'affordable housing'.

**3. Recommendations**

Members are recommended to :

- (i) support the proposal put forward by LRC for a 'pilot' project affecting planning applications within the St. George's, Frog Island and Old Town areas, to operate until 31<sup>st</sup> March 2003, subject to the applications having obtained formal planning approvals *and* commenced works on site for the full development agreed in their planning approval within 18 months of that approval.

- (ii) elsewhere in the City Centre, the City Council will actively seek contributions towards 'affordable housing' in line with Circular 6/98 and the existing Supplementary Planning Guidance on Affordable Housing, and in tandem with the LRC will actively promote the provision of 'affordable housing' with developers and landowners;
- (iii) to support the linking of public funds or assets to the delivery of broad regeneration outcomes that will include the provision of 'affordable housing';
- (iv) to support the consideration of amendments to local 'Supplementary Planning Guidance', in particular for the role of viability appraisals.

#### **4. Financial & legal implications**

There are no direct financial or legal implications arising from this report, although the City Council is one of the core contributors to the funds directed towards the operation of the Leicester Regeneration Company.

It is feasible that the development of some key City Centre site(s) in the future could involve a contribution from the City Council in terms of funds or other assets, such as from its existing assets within the moratorium area.

The degree of 'affordable housing' and other planning conditions may affect the value of land and buildings used for regenerative development.

#### **5. Report**

##### **5.1 Background**

In December 2000 Cabinet considered a report that reviewed how the City Council could assist the development and regeneration of key sites in the City Centre. A proposal had been put forward for some relaxation of requirements to seek to provide for 'affordable housing' in the St.George's area, however Members had decided at that time to continue with existing policies that would consider each planning application on its individual merits.

It also should be remembered that Government guidance on the provision of affordable housing is to encourage local authorities to negotiate the provision of affordable housing, although this will be in the context of a number of considerations to be taken into account when determining planning applications.

The existing affordable housing within the City Centre (inside the inner ring road) is principally that provided by a number of Registered Social landlords (RSLs). This amounts to just over 1000 units in total, of which approximately four per cent are 2-bed properties, and the remainder split evenly between bedsits and 1-bed properties.

## 5.2 Leicester Urban Regeneration Company (LRC)

The Cabinet Briefing on Regeneration held on 5<sup>th</sup> November 2001 noted that a new proposal had been received from the LRC, for a 'pilot project' in part of the City that seeks a moratorium on the provision of 'affordable housing'. Members asked for this report to be prepared in order to consider the implications of this proposal for any subsequent maximising of the 'value' accrued by new development, in particular for the impact this might have on seeking the widest benefit(s) out of new developments.

The LRC 'pilot' proposes a moratorium on the requirement under existing planning guidance for private sector developments to provide for 'affordable housing' (or an alternative 'commuted sum') within site-specific planning applications and subsequent approvals. LRC has proposed this for applications affecting the Old Town, St. George's, Frog Island and Abbey Meadows priority investment areas. It proposes this would apply to applications that receive planning permission before 31 March 2003, and only to units completed within two years of consent.

The proposal is for a fixed period of time, in order to stimulate local development activity and be an appropriate encouragement to local landowners to release assets in order to promote sustainable regeneration projects. The LRC is aware that the speculative approach of some landowners is to want property levels to rise before they release sites for re-development, and that there is a clear resistance to demands that sites contribute towards 'affordable housing'.

Officers believe that such a moratorium (that is, of the requirement to provide for 'affordable housing' within private sector site-specific planning applications) could help to promote regeneration in those areas where it has proved difficult in the past. A pilot would provide an opportunity to test whether this happens.

Outside of the City Centre, the City Council's approach has been successful in securing 'affordable housing' provision. To be consistent with this officers recommend that Abbey Meadows be excluded from the moratorium. This would also reflect the likelihood that Abbey Meadows waterside housing will be profitable and thereby more able to contribute towards 'affordable housing'. The use of completions as a time limit could be difficult - it is suggested therefore that the pilot would run for schemes started within 18 months of the granting of their planning permission.

It will remain the case that other ideas for affordable housing in the 'moratorium' area – for example from Registered Social Landlords - will still be acceptable within proposals for City Centre development, although only time will show whether or not such other ideas come forward or are achievable.

## 5.3 Regeneration Funds and Assets

Members will be aware that EU regulations had recently put a stop to development schemes being able to receive 'gap funding'. Work has been progressed within the Regional Development agencies to devise some

appropriate alternative to the previous funding regimes and it is hoped that new arrangements are now acceptable.

It should be anticipated that development initiatives in Leicester will be keen to utilise whatever public finance could be available from regional or local bodies to meet the costs of 'marginal' development sites. The availability of such funds could also feature in proposals supported by the City Council to carry out compulsory purchase activity in order to bring about development activity on sites that appear moribund and potentially obstructive to wider regeneration.

Care will need to be exerted, however, that the insertion of public finance, or use of other assets, are directed towards regeneration projects that are able to maximise the widest benefit of such funds, beyond that of solely enabling property development or maximising income to the detriment of wider objectives.

#### 5.4 Supplementary Planning Guidance on Affordable Housing

The City Council adopted its present "Supplementary Planning Guidance on Affordable Housing" in January 2000. Since its inception this Guidance has been the framework for guiding overall ambitions of housing developers towards some concurrent satisfaction of Corporate policies on 'affordable housing'.

Concerns have been raised by City Council officers, however, that the format of the current Guidance might encourage the development sector to claim as a matter of course that the financial viability of their proposals is too fragile to accommodate any demand for 'affordable housing'. This is a matter that requires further consideration.

### 6. Author(s) of Report

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