



Homes &
Communities
Agency

Stephen Kelly
Joint Director of Planning and Economic Development
South Cambridgeshire District Council
South Cambridgeshire Hall
Cambourne Business Park
Cambourne
Cambridge
CB23 6EA

16 November 2016

Dear Mr Kelly,

**Re: Planning application S/2011/14/OL
Northstowe Phase 2 - Affordable Housing**

I am writing further to recent discussions in relation to Northstowe Phase 2 to formalise the proposal for inclusion of affordable housing and starter homes.

The outline planning application as originally submitted proposed up to 3500 new homes and indicated that a proportion of affordable housing would be included, with the level and mix determined in negotiation with the District Council.

Following appropriate viability testing 20% affordable housing was agreed in principle for Northstowe Phase 2 at the Northstowe Joint Development Control Committee meeting of 29 July 2015. A 60/40% split of affordable rent and low cost home ownership was then agreed at officer level under delegated powers in October 2015.

Subsequent to agreement being reached, the Government announced its intention to introduce Starter Homes and include these within the definition of affordable housing for planning purposes in order to increase access to home ownership in the UK.

In January 2016, the Prime Minister announced Northstowe as one of five pilots for direct commissioning with 40% starter homes to accelerate housing delivery and enhance access to the housing market for first time buyers. This being part of an Government Priority and Conservative Party manifesto commitment to deliver 200,000 starter homes by 2020.

The Homes and Communities Agency (HCA) has taken the opportunity to review the housing tenures on offer at Northstowe phase 2 in collaboration with officers of the District Council and is now willing to go above and beyond the previously agreed position in relation to affordable housing/housing mix and deliver:

- **40% starter homes, and**
- **10% affordable rented units**

The inclusion of **40% starter homes** will provide homes for purchase at discounted rates. It will help young people get on the housing ladder and increase home ownership. The **10% affordable rented units** will help address the local authority's housing need by providing rented homes for those most in need and unable to access housing in the open market.

The proposal provides for a balance of tenures and variety of homes for sale and rent. It essentially amounts to a 50/50 split of market and subsidised homes and will achieve a balanced and sustainable mix of homes at Northstowe phase 2.

The HCA is happy to continue working with officers to agree the detail of the affordable housing/starter homes clauses in the section 106 agreement pertaining to Northstowe Phase 2. This will help ensure the detailed mix of homes addresses need and provide flexibility to review and adapt provision over time; this could for example mean that the types of starter home provided could be refined over the long build out period of the project to enable any new starter home products that may be introduced by Government in the future to be provided if agreeable to the District Council.

The current proposal for affordable housing and starter homes represents a significant increase in subsidised housing compared to the 20% level previously supported by Committee.

This letter formally amends the affordable housing proposal that forms part of Northstowe Phase 2.

As previously stated, the application as submitted did not fix the amount of affordable housing being proposed – Chapter 5 of the Housing Strategy which formed part of the Planning Statement (August 2014) stated that *'The exact level and mix of Affordable Housing will be agreed with South Cambridgeshire District Council through the planning process.'* For the avoidance of doubt however, this letter updates references to affordable housing contained in sections 4.1.2 and 6.6.4 of the Planning Statement and sections 5.1.2 and 5.1.3 of the Health Impact Assessment (August 2014).

The Environmental Statement (ES) stated the proportion of affordable housing as *'yet to be determined'* and in consequence there are no direct Environmental Impact Assessment implications.

The ES contained only an indicative housing mix. The impact of these proposals on ultimate housing mix cannot yet be determined and it is not considered likely that there would be any significant implications for the conclusions of the socio-economic chapter of the ES which identified a couple of minor adverse impacts (considered not significant) associated with the construction phase whilst noting a large number of long-term moderate and major beneficial impacts of significance.

If anything, the amended proposal *could* result in a slight increase in the proportion of units of smaller bed-size (compared to the indicative mix). This will be balanced across the development of Northstowe as a whole and the HCA is not proposing any reduction in the significant infrastructure package proposed as part of Northstowe Phase 2.

This proposal is the culmination of productive discussions and negotiations with the District Council and achieves a mix of tenures that balances National policy and local need.

It is hoped that this amendment to the application Heads of Terms can be considered favourably to enable planning permission to be issued thus enabling the delivery of new homes and facilities at Northstowe Phase 2.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'P. Kitson', is centered below the closing. The signature is written in a cursive style with a large initial 'P'.

Paul Kitson
Head of Northstowe

cc Paul Mumford - By email only