

NORTH LINCOLNSHIRE COUNCIL

PLANNING COMMITTEE

**PLANNING POLICY STATEMENT 3: PLANNING FOR HOUSING – TECHNICAL
CHANGE TO ANNEX B, AFFORDABLE HOUSING DEFINITION: CONSULTATION**

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To inform members about the proposed technical changes being consulted on in relation to Annex B Affordable Housing definition of Planning Policy Statement 3: Housing.
- 1.2 To seek members approval to submit a response to the consultation to Annex B Affordable Housing definition of Planning Policy Statement 3: Housing.

2. BACKGROUND INFORMATION

- 2.1 The Department for Communities and Local Government (CLG) currently outlines its planning aims and objectives through Planning Policy Statements (PPS) and Planning Policy Guidance (PPG) which assist local planning authorities in developing their local development plans and in making planning application decisions. One of the most significant is Planning Policy Statement 3: Housing (PPS3), which sets out the Government's aims and objectives for housing growth, regeneration and the provision of affordable housing.
- 2.2 The Government has announced its intention of introducing a streamlined set of national planning guidance: *National Planning Policy Framework*, by April 2012. However, until that time the existing PPS's and PPG's will inform planning decisions and therefore amendments are still being consulted on until such time that planning for housing policy is reviewed through the *National Planning Policy Framework*.
- 2.4 CLG is currently proposing to amend PPS3 and has issued a consultation document which ends in April 2011. The main amendments relate to a "technical change" to Annex B Affordable Housing definition. The key reason for this change is for Affordable Rent to be included within the definition of affordable housing. In the Comprehensive Spending Review, it was announced that a new "affordable rent product" would become available and this change to PPS3 is part of that initiative.
- 2.5 The consultation sets out the main features of the Affordable Rent product for information, but does not seek comments on the Affordable

Rent product itself. It sets out a proposed definition of Affordable Housing, to clarify that Affordable Rent should be considered as affordable housing for planning purposes and replace the definition in Planning Policy Statement 3, Annex B.

- 2.6 The new Affordable Rent product is being introduced from April 2011 and is a new form of social housing. The product will be available to Registered Providers, who have entered a contractual arrangement with the Homes and Communities Agency (HCA) to deliver affordable homes. Grant funding, which in the past has been available to support social rent and various intermediate affordable homes, will now mainly be aimed at Affordable Rent properties, depending on local priorities.
- 2.7 Local authorities play a key role in the delivery of affordable housing, both through their strategic housing role and as local planning authorities. This requires them to set out the affordable housing requirements for their area and ensure that the planning policies that they set in development plans help them to meet those requirements. It is therefore essential for local authorities, developers and registered providers that there is clarity that the new Affordable Rent product is considered to be affordable housing for planning purposes.
- 2.8 The consultation states that the introduction of a new Affordable Rent product will allow a more diverse offer for the range of people accessing social housing. Affordable rented homes will be made available to tenants at up to a maximum of 80 per cent of the gross market rent (which will take account of the service charge for that property, where applicable) and allocated in the same way as social housing is at present. Providers will be able to offer Affordable Rent properties on flexible tenancies. As set out the Department for Work and Pensions' white paper, *Universal Credit: welfare that works*, housing benefit for Affordable Rent will be based upon the actual rent charged for that property. Providers will be asked to calculate the rent based on the Royal Institution for Chartered Surveyors (RICS) approved valuation methods.
- 2.9 It is clear that the consultation identifies that Affordable Rent will form the principal element of the new supply offer. At the same time, new flexibilities will allow a proportion of existing social rent properties to be made available when they are re-let at an Affordable Rent, with the additional capacity generated from those re-lets applied to support delivery of new supply. However remaining occupied units will remain as social rent, with the existing rental and tenancy agreements.
- 2.10 CLG and the HCA have set out details of the Affordable Rent product in the Framework. In setting out the Framework for the Affordable Homes Programme, it is clear that the programme must meet local priorities and confirmation of local authority support will be sought for new supply proposals when schemes are identified or indicative proposals become firm. Local priorities are expected to include both

particular sites which are a priority for development, and identification of the range of needs groups which new supply is intended to assist. In setting out such priorities, local authorities will have had regard to the statutory equalities requirements they have as public bodies.

- 2.11 Officers from the Strategic Housing Team have been meeting with Registered Provider partners about their plans to submit proposals to the HCA for affordable homes delivery over the next four years, and have been working to understand the potential implications for North Lincolnshire of a move to affordable rents. This work is ongoing, but early indications are that some existing social rented accommodation will have to be converted to affordable rent when properties are re-let if Registered Providers are to secure grant from the HCA towards the cost of building new affordable homes. In addition, the new homes that will be built will also be let at affordable rents. The work to understand the implications for those who are on the housing register is on-going and will be reported to the Cabinet Member for Housing and Planning when it is available.

3. OPTIONS FOR CONSIDERATION

- 3.1 The main requirement of the consultation is to clarify that Affordable Rent should be considered as affordable housing for planning purposes and replace the definition in Planning Policy Statement 3, Annex B, therefore two options are identified below:
- 3.2 Option 1 – That the council respond to the consultation to the proposed technical changes made to Annex B Affordable Housing definition of Planning Policy Statement 3: Housing, outlining our concerns that the new Affordable Rent product may not be a viable option for affordable housing in North Lincolnshire.
- 3.2 Option 2 – Do nothing and wait until the amended PPS3 is adopted without influencing its content.

4. ANALYSIS OF OPTIONS

- 4.1 Option 1 is the preferred option. The change to the wording of the PPS is minimal, but it does make it clear that the affordable rent product is now included under the definition of affordable housing. However there is concern that the Affordable rent product could have questionable affordability in North Lincolnshire. There is definitely concern that the product is not going to meet the housing needs of many of the people on our housing register. Therefore the most appropriate course of action is to respond setting out the concerns with the viability of the Affordable Rent product.

4.2 Option 2 is not considered to be an appropriate response as the council will miss the opportunity to influence the content of the amended PPS3 and this will have implications for the council's ability to deliver genuinely affordable housing for North Lincolnshire.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1 Financial implications – There may be implications for finances that might be received through the New Homes Bonus Initiative.

5.2 Staffing implications – Staffing to implement this PPS will be drawn from existing resources within the Spatial Planning, Development Management and Strategic Housing teams.

5.3 Property implications – There are no property implications.

5.4 IT implications – There are no IT implications.

6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)

6.1 Statutory implications – The revised PPS3 is a material consideration in determining planning applications and in preparing the policies and proposals in the North Lincolnshire Local Development Framework.

6.2 Environmental implications – The revised PPS3 continues to support the principle of sustainable development.

6.3 Diversity implications – There are no diversity implications.

6.4 Section 17 - Crime & Disorder implications – The policies of the LDF will ensure that new development is designed appropriately to minimise the opportunities for crime and to reduce the fear of crime.

6.5 Risk implications - There are no risk implications.

7. OUTCOMES OF CONSULTATION

7.1 Where appropriate, the comments of relevant council officers have been included in this report.

8. RECOMMENDATIONS

8.1 That the council respond to the consultation on the proposed technical changes made to Annex B Affordable Housing definition of Planning Policy Statement 3: Housing.

HEAD OF STRATEGIC REGENERATION, HOUSING & DEVELOPMENT

Pittwood House
Ashby Road
SCUNTHORPE
North Lincolnshire
DN16 1AB

Author: Chris Barwell
Date: 9 March 2011

Background Papers used in the preparation of this report

Planning Policy Statement 3: Planning for Housing – Technical change to Annex B,
Affordable Housing definition: Consultation