

NORTH LINCOLNSHIRE COUNCIL

REGENERATION AND DEVOLUTION CABINET MEMBER

AFFORDABLE HOUSING INTERIM POLICY STATEMENT

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To approve the Affordable Housing Interim Policy Statement to provide clear guidance for officers, elected members and applicants with regard to the provision of affordable housing.

2. BACKGROUND INFORMATION

- 2.1 The provision of Affordable Housing is a key planning subject. Officers have prepared an Affordable Housing interim policy statement to provide clear guidance for officers, elected members and applicants on the provision of affordable homes (see attached).
- 2.2 The interim statement includes definitions of Affordable Housing and the different types, including rented (affordable, social, older peoples), intermediate housing (starter homes and shared ownership) and specialist housing.
- 2.3 The document clearly sets out the planning policies and other criteria that will need consideration by officers, and applicants when dealing with proposals which include affordable housing. It identifies the relevant national planning policy set out in the National Planning Policy Framework (NPPF) and National Planning Practice Guidance (NPPG) as well as the local planning policies derived from the Core Strategy Development Plan Document (June 2011).

3. OPTIONS FOR CONSIDERATION

- 3.1 The recommendation is to approve the Affordable Housing Interim Policy Statement.

4. ANALYSIS OF OPTIONS

- 4.1 The recommendation will allow the council to operate a concise, clear policy towards the provision of Affordable Housing. This will be beneficial for officers, elected members and potential applicants in considering future planning applications and putting together proposals.

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

5.1 There are no resource implications requiring consideration by the Cabinet Member.

6. OUTCOME OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

6.1 An integrated impact assessment was completed. It raised no significant issues of concern.

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTEREST DECLARED

7.1 Consultation has taken place with relevant officers within the council. Any comments received were taken into account in preparing the interim policy statement.

8. RECOMMENDATIONS

8.1 That the Cabinet Member approves the Affordable Housing Interim Policy Statement.

DIRECTOR OF PLACES

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Background papers used in the preparation of this report

National Planning Policy Framework (DCLG, March 2012)
National Planning Policy Guidance (DCLG, 2014)
North Lincolnshire Local Development Framework – Core Strategy DPD (June, 2011)

APPENDIX 1

Affordable Housing Policy Interim Position Statement

1. Background

- 1.1 North Lincolnshire Council is committed to enhancing the quality of life for our individuals and our communities, whilst encouraging economic growth and supporting our existing and new businesses.
- 1.2 Through our work with local communities, Town and Parish Councils, housing developers and Registered Housing Providers we aim to ensure that everyone has access to a safe, decent and affordable home that meet their needs.
- 1.3 One way in which we are able to do this is through using national planning policies to provide homes to meet identified housing needs. Many people in North Lincolnshire aspire to home ownership; the policies set out in the Local Development Framework Core Strategy ensure that we provide a range of opportunities for people to own their own homes. This includes through the hugely successful 'Help to Buy' scheme, which saw 101 first time buyers purchase their first home in North Lincolnshire in 2014/2015.
- 1.4 The Council values our local housing partners, including house builders, developers, land owners and Registered Housing Providers. They make a significant investment in North Lincolnshire year on year and contribute to our economic growth.
- 1.5 We aim to have an open, honest and proactive approach to delivering all types of housing in our area. The policies set out below are designed to allow flexibility and are very much focused around developing viable, quality housing schemes that provide a range of homes across all tenures.
- 1.6 This position statement sets out the Council's current approach to affordable housing requirements and provides a practical guide to the implementation of the Council's planning policies on affordable housing. It identifies the relevant national planning policy set out in the National Planning Policy Framework (NPPF), as well as the local planning policies derived from the Core Strategy Development Plan Document (June 2011).
- 1.7 This statement is seen as particularly important in giving developers and registered social landlords a clear idea of what is involved when providing affordable housing in North Lincolnshire based on the latest policy guidance. The main purpose of the statement is to set out the practical requirements when applying policy and to set out the process by which proposals will be considered.
- 1.8 The principle aim behind the Affordable Housing Interim Policy Statement is to improve the performance in terms of securing the new affordable housing that the area requires, whilst taking into account its impact on the economic viability of housing development. The aim is to provide more homes and for housing to be at the heart of high quality, safe and distinctive places to enable North Lincolnshire communities to thrive. Three key objectives are to, increase the supply of new homes in the area, make best use of the areas existing housing stock and help younger, older and vulnerable people to live independently.

2. National Planning Policy

- 2.1 The National Planning Policy Framework (NPPF) sets out the Government's planning policies for England and how these are expected to be applied. It is a material consideration in formulating local planning policies and taking decisions on planning applications.

2.2 The NPPF established the presumption in favour of sustainable development. It notes that there are three dimensions to sustainable development- economic, social and environmental- and that planning performs a role in addressing all three. This is viewed as a “golden thread” running through.

2.3 The definition of affordable housing in the NPPF is:

Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

Homes that do not meet the above definition of affordable housing, such as “low cost market” housing, may not be considered as affordable housing for planning purposes.

2.4 The local interpretations of the options available in relation to the NPPF definitions of Affordable Housing are set out in section 5 Delivering Affordable Housing.

2.5 Paragraph 50 of the NPPF states ‘to deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:

- plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);
- identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; and
- where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.

2.6 Paragraph 54 of the NPPF states ‘In rural areas, exercising the duty to cooperate with neighbouring authorities, local planning authorities should be responsive to local circumstances and plan housing development to reflect local needs, particularly for affordable housing, including rural exception sites where appropriate. Local planning authorities should in particular consider whether allowing some market housing would facilitate the provision of significant additional affordable housing to meet local needs.

3. Local Planning Policy

- 3.1 The planning policy mechanism to secure affordable housing is contained within the Local Development Framework (LDF). The LDF comprises a suite of separate documents which are called Development Plan Documents (DPD). The relevant policy related to affordable housing is contained in the Adopted Core Strategy DPD (June 2011) Policy CS9 Affordable Housing.

Policy CS9: Affordable Housing

Policy CS9 requires that in new residential housing development of 15 or more dwellings in the Scunthorpe urban area, 5 or more dwellings in Market Towns and 3 or more dwellings in rural settlements must make a provision for an element of affordable housing which is accessible to those unable to compete in the general housing market. This policy seeks to achieve the following proportion of affordable housing:

- Scunthorpe urban area and Market Towns 20%
- Rural Settlements 10%

A target of 70% of the affordable homes will be provided for rent, with the remaining provided as an intermediate tenure, to be agreed on a site by site basis. Wherever possible, affordable housing should be provided on-site, but an off-site contribution may be acceptable where:

- a) Management of the affordable housing on-site cannot be secured effectively; or
- b) Affordable housing provision elsewhere in more suitable settlements is more likely to contribute towards the creation of mixed communities.

Where it can be demonstrated that the percentage of affordable housing sought will negatively impact on the delivery of a mixed community, or are subject to exceptional and authenticated site development costs, there may be a case for reducing the affordable housing. This should be proven through open book discussions with the council at planning application stage.

Rural Exception Sites

Planning permission will be granted for the release of small rural exception sites within or adjacent to the development limits or within rural settlements for 100% affordable housing where a local need has been clearly identified. All proposals must be substantiated by evidence that the scale of development proposed meets the identified needs.

4. Current Planning Position- Affordable Housing

- 4.1 In March 2015 the Government published a consultation on "Planning Performance and Planning Contributions". The changes from this have been implemented in National Planning Policy Guidance (NPPG) Planning Obligations paragraph 12:-

Are there any circumstances where infrastructure contributions through planning obligations should not be sought from developers?

National planning policy defines specific circumstances where contributions for affordable housing and tariff style planning obligations should not be sought from small scale and self-build development, as set out in the Written Ministerial Statement on small-scale developers.

- contributions should not be sought from developments of 10-units or less, and which have a maximum combined gross floorspace of no more than 1000sqm (gross internal area).
- in designated rural areas, local planning authorities may choose to apply a lower threshold of 5-units or less. No affordable housing or tariff-style contributions should then be sought from these developments. In addition, in a rural area where the lower 5-unit or less threshold is applied, affordable housing and tariff style contributions should be sought from developments of between 6 and 10-units in the form of cash payments which are commuted until after completion of units within the development. This applies to rural areas described under section 157(1) of the Housing Act 1985, which includes National Parks and Areas of Outstanding Natural Beauty
- affordable housing and tariff-style contributions should not be sought from any development consisting only of the construction of a residential annex or extension to an existing home.

4.2 Additionally local planning authorities should not seek section 106 affordable housing contributions, including any tariff-based contributions to general infrastructure pots, from developments of Starter Homes. Local planning authorities will still be able to seek other section 106 contributions to mitigate the impact of development to make it acceptable in planning terms, including addressing any necessary infrastructure.

4.3 Therefore Policy CS9 Affordable Housing still applies in relation to new residential housing development in the Scunthorpe Urban area and in the market towns. However due to the update in National Planning Policy Guidance the requirement of 3 or more dwellings in the rural settlements is out of date and cannot be given any weight. In order to address the affordable housing provision in the rural settlements an interim policy has been written.

Interim Policy for Negotiating Affordable Housing in Rural Settlements

4.4 **In 1997 the Government created a Statutory Instrument (1997 No.624) for designated rural areas in the North East, which included North Lincolnshire. This Statutory Instrument concluded that all the rural parishes of North Lincolnshire should be designated as rural with the exception of Belton.**

4.5 North Lincolnshire Council in light of the Communities and Local Governments' update to the NPPG on 28th November 2014 and then the additional update of 26th March 2015 will apply the following approach when assessing proposals for residential development.

Interim Policy for Negotiating Affordable Housing in Rural Settlements

For New Residential Development in the rural settlement of Belton, the following criteria will apply:

- Planning Proposals which result in a net increase of 10 or fewer dwellings will not be subject to a request for affordable housing contributions.
- Where proposals are made for 11 or more dwellings CS9 Policy will apply.

For New Residential Development in all other rural settlements, the following criteria will apply:

- Planning proposals which result in a net increase of 5 or fewer dwellings will not be subject to requests for affordable housing contributions.
- Where proposals are made for 6 -10 dwellings a financial contribution will be sought as per the CS9 Policy.
- Where proposals are made for 11 or more dwellings CS9 Policy will apply.

5. Delivering Affordable Housing

What does the term 'affordable housing' mean for North Lincolnshire?

- 5.1 Based on housing market intelligence, the Council will assess each eligible planning application and make a recommendation for the type or affordable housing that should be provided. The different options are set out below.

Intermediate Housing	
Starter Homes	The Council will consider applications in line with the Government's policy on Starter Home Exception Sites which was published in March 2015 and provides the opportunity for first time buyers to secure up to 20% discount on market sales prices for new homes being developed on commercial / industrial land.
Shared Ownership	The purchaser buys a percentage share of a property (initially a minimum share of 25%, or a maximum 75%) and pays rent on the share that they do not own, which is capped at 3% of the value of that share. Shared Ownership properties are always leasehold but the purchaser may gradually acquire the freehold in stages from the RP (known as 'staircasing'). If the purchaser staircases up to owning 100% of the property, the capital receipts will be ring-fenced to deliver more Affordable Housing. Where 100% staircasing occurs, the RP or Council will have first right of refusal on purchasing the property back should it be sold.
Rented Housing	
Affordable Rent	All newly built rented units will be made available at affordable rent. Rents charged can be no higher than 80% of the full market rent. They will be let by an RP to eligible tenants in line with the local allocations policy.
Older People's Housing	Affordable rented housing designated specifically for older people and designed with their needs in mind is a priority for development in North Lincolnshire.
Social Rent	Managed by registered providers (RPs) Rents are lower than affordable rents, typically at 40%-60% of market rents and let to eligible tenants in line with the local allocations policy.
Specialist Housing	
Supported Housing, Adapted Housing, Extra Care Housing	Specialist housing provision to meet the housing needs of vulnerable groups. This will often be made available to rent, for example older persons sheltered housing. Opportunities for home ownership of specialist housing is being explored.

Supporting the viable delivery of housing

- 5.2 North Lincolnshire Council is committed to supporting viable housing development. The request for any form of planning obligation will not be to the detriment of the overall viability of the housing development.
- 5.3 Core Strategy Policy CS9: Affordable Housing states that “where it can be demonstrated that the percentage of affordable housing sought will negatively impact on the delivery of a mixed community, or are subject to exceptional and authenticated site development costs, there may be a case for reducing the affordable housing. This should be proven through open book discussions with the council at the planning application stage.
- 5.4 Applicants are encouraged to have detailed discussions with the Council prior to the submission of a planning application. If the applicant has concerns regarding the viability of the site and level of planning obligation being sought, the council will work with the applicant to complete an open book appraisal of the site and then look to agree a level of obligation that ensure the development remains viable.

Provision of an off-site contribution

- 5.5 Wherever possible and appropriate, affordable housing should be provided on-site. However there will be instances when this is not possible, or the best way of securing affordable housing. Therefore an offsite contribution will be acceptable where the Council consider that:
- the affordable housing need would be more effectively met by bringing existing vacant housing back into active use; or
 - management of the affordable housing on-site cannot be secured effectively or economically; or
 - providing the affordable housing elsewhere in the local area is more likely to widen housing choice and encourage better household mix; or
 - it is not physically possible to provide affordable housing of the size or type that is needed in that area; or
 - the homes being built are of a type and specification that is not needed for affordable housing in that area; or
 - significantly more affordable housing of a high quality could be provided in the local area through off-site provision; or
 - there are other exceptional circumstances that would make off-site provision a better option.
- 5.6 North Lincolnshire Council considers the following types of off-site contribution to be acceptable and the most appropriate form will be agreed on a site by site basis.

Type of provision	Notes
Provision of affordable units on an alternative site ('donor site')	A parallel planning application should be submitted for the development of the donor site and the implementation of any approved scheme on the main site would need to be linked through a s106 agreement to an approved development on the donor site.

Type of provision	Notes
Purchase of land for the Council within the same settlement	Suitable land within the same settlement or place as the application site will be transferred to the Council or nominated partner who will then finance and build the required affordable homes on that land. The location should be agreed with the Council.
Purchase of existing housing units within the settlement	The developer will purchase the required number of units on the open market and sell them to a RP or Council at an agreed discount, usually around 40% of open market value. The location, quality, cost, size and design of the units must be agreed by the Council to ensure units meet the prevailing need and are of an appropriate standard.
Purchase of land for the Council elsewhere in the settlement	Suitable land elsewhere in the settlement will be transferred at no cost to the Council or a nominated partner who will then finance and build the required affordable homes on that land. The location should be agreed with the Council.
Commuted sum for Affordable Housing	The following calculation is used to determine the level of commuted sum required as a starting point. 40% of average house price x number of units required.

Understanding Housing Needs

- 5.7 The Council will use the latest Strategic Housing Market Assessment to determine the type, tenure and location of housing required. Supplementary information, such as Health and Social Care Commissioning Strategies will be used in the development of Specialist Housing schemes.