

## **Amendment to Affordable Housing SPD – Tenure Mix**

The Government published Planning Policy Statement 3: Housing (PPS3) in November 2006. To summarise, PPS3 updates the Government's advice on planning and housing policy and will be a material consideration in the determination of planning applications for housing development. The provisions of PPS3 will in due course need to be considered by us in reviewing our planning policies as part of the development of our Local Development Framework. Until that time our existing Local Plan policies remain in place.

PPS3 describes affordable housing as non-market housing, provided to those whose needs are not met by the market and can include social-rented housing and intermediate housing. Affordable housing needs to meet the needs of households within an area.

Previously, we had little evidence to show the tenure mix required to meet our needs for affordable housing. However, we have now carried out up to date research to find out what our housing needs are. The Strategic Housing Market Assessment (SHMA) was carried out jointly with other local authorities in the Nottingham Core Housing Market area and was completed in March 2007. The Erewash Housing Needs Study was completed in May 2007.

Both studies identified the tenure mix of affordable housing required to meet the needs identified – in other words, how much of the affordable housing should be for rent, how much sold/rented as intermediate/ shared ownership.

At a meeting on 29 August 2007, our Planning Committee considered the tenure mix evidence set out in the studies and decided that on sites where affordable housing is provided under section 106 agreements – normally 80% of these affordable dwellings will be provided for affordable rent, and 20% for affordable shared ownership. This is to be a material consideration, with immediate effect, on all new pre-application discussions and new planning applications (where no detailed pre-application discussions have already occurred before 29 August 2007) containing residential development of 15 dwellings or more.

As this amendment is based on up to date housing needs evidence for the Borough, it in effect supersedes the tenure mix set out in our Affordable Housing Supplementary Planning Document. Although the SPD itself has not been formally changed, our Local Plan affordable housing policy makes it clear that affordable housing will be provided based on meeting local needs. This amendment is therefore an important material consideration. The Committee Report is attached as appendix A.

## **APPENDIX A – Planning Committee Report**

### EREWASH BOROUGH COUNCIL

Report of the Development Manager to the  
Planning Committee

29<sup>th</sup> August 2007

#### **AFFORDABLE HOUSING TENURE MIX**

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##### 1 Purpose of Report

- 1.1 To inform Members of the information from the Nottingham Core Strategic Housing Market Assessment and Erewash Housing Needs Study, specifically in relation to the need to achieve a tenure mix of affordable housing, which meets the housing need identified.
  - 1.2 To seek a resolution to ensure that, on sites where affordable housing is provided under section 106 agreements – normally 80% of these affordable dwellings are for affordable rent, and 20% for affordable shared ownership. This is to be a material consideration, with immediate effect, on all new pre-application discussions and new planning applications (where no detailed pre-application discussions have already occurred) containing residential development of 15 dwellings or more.
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##### 2 Recommendations

I recommend that the Planning Committee:

- (a) Resolve that, on sites where affordable housing is provided under section 106 agreements – normally 80% of these affordable dwellings are for affordable rent, and 20% for affordable shared ownership. This is to be a material consideration, with immediate effect, on all new pre-application discussions and new planning applications (where no detailed pre-application discussions have already occurred) containing residential development of 15 dwellings or more.
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##### 3 Information, Issues and Options

- 3.1 Planning Policy Statement 3 (PPS3) describes Affordable Housing as “non-market housing, provided to those whose needs are not met by the Market .....It can include social-rented housing and intermediate housing. Affordable housing should meet the needs of eligible households, including availability at low enough cost for them to afford, determined with regard to local incomes and local housing prices.” In the Erewash Supplementary Planning Document on Affordable Housing – we indicated that households should not have to spend more than 30% of gross household income on housing costs (including rent, mortgage and service charges).

- 3.2 PPS3 also highlights that Local Planning Authorities should set targets and percentages required for affordable housing. In addition, they should also set separate targets for social-rented and intermediate affordable housing.
- 3.3 Following the Local Plan, on residential development sites of 25 units (now 15 units) or more – over the last 2 years – section 106 agreements with regard to affordable housing, have achieved 30% of the units as affordable housing.
- 3.4 Previously, we had little evidence to show the tenure mix required for affordable housing. Therefore new affordable housing developments in Erewash for the period from 2005 – 2008 would be likely to get a mix of about 49% intermediate housing, and 51% affordable rent. This would not meet the needs now identified.
- 3.5 The Strategic Housing Market Assessment (SHMA) was carried out in 2006/07 jointly with other local authorities in the Nottingham Core Housing Market area – Broxtowe, Gedling, Rushcliffe, Nottingham City, and Ashfield (regarding the Hucknall area only). This looked at data and statistics, including local incomes and local housing prices.
- 3.6 The Erewash Housing Needs Study was carried out in 2006/07 and was a questionnaire based study – asking information about incomes, current and future housing situations, housing need and aspirations of residents of Erewash.
- 3.7 The main findings from both studies show that to meet the needs of households who cannot afford to rent or buy on the open market – there is a need for between 246 and 428 units of new affordable housing units per year in Erewash (“units” mean houses or flats). Affordable housing is needed in all areas and wards of Erewash.
- 3.8 Over the last 3 years, an average of 50 new affordable housing units per year, have been completed in Erewash. Approximately 100 new affordable housing units per year, on average, will be completed over the next 2 years.
- 3.9 Some households may be able to “get a foot” on the ladder of home-ownership, through affordable “intermediate” housing, such as a shared ownership property. Shared ownership is where people part rent, part buy a property with the help of a Housing Association – at a cost lower than trying to buy a property at full market value.
- 3.10 Other households may only be able to afford to rent from a Housing Association (otherwise known as a registered social landlord) at rent set to be affordable by the Housing Corporation.
- 3.11 Both studies identified the tenure mix of affordable housing required to meet the needs identified – in other words, how much of the affordable housing should be

for rent, how much sold/rented as intermediate/ shared ownership. The studies said that 10–29% should be for intermediate/shared ownership housing, and 71–90% should be for affordable rent. Taking an average, therefore, from both studies – this would indicate that, in Erewash – affordable housing should be 20% intermediate housing, such as shared ownership, and 80% for affordable rent.

- 3.12 In view of this significant evidence from the studies, and the priority given by the Council to increasing the supply of affordable housing to meet housing need identified within the Borough, there is a need for this guidance on the tenure mix of affordable housing to be applied to all relevant planning applications containing residential development from immediate effect.
- 3.13 If agreed, this new affordable housing tenure mix will need to be considered as a material consideration in conjunction with the Council's existing affordable housing Local Plan policy H6 and Supplementary Planning Document and will form an amendment to the latter document.
- 3.14 An alternative option would be not to resolve to apply the guidance to achieve a 20% intermediate/80% rent tenure mix on all relevant affordable housing sites, and to continue to achieve about a 50/50% mix. However, this would be ignoring the evidence provided by the studies which were commissioned and funded by the Council.
- 3.15 Another option would be to resolve to apply the new tenure mix on all existing pre-application discussions and planning applications irrespective of what has already been negotiated. However this would not be fair or reasonable on both the applicants and the officers dealing with the applications, as considerable time and effort will have already been expended. It would also delay the determination of planning applications as new agreements would need to be negotiated, affecting the Council's BVPI performance.

#### 4 Risk and Financial Implications

- 4.1 Developers may argue that an increase in affordable rented properties may make developing a site with Affordable Housing section 106 obligations unfeasible to develop. Developers may receive around 70% of market value from a Housing Association for an intermediate housing property, and only around 40% for an affordable rented property.
- 4.2 However, if the guidance from the Council is clear, as to what will be expected, developers will be able to take this into account when purchasing a site for development.
- 4.3 If the feasibility of developing a site under these circumstances was still being disputed – there are a number of feasibility models and consultants who can be used to determine the validity of this.

4.4 The council has a duty to find accommodation for households which it accepts as statutorily homeless. Most of these households could only afford Housing Association rented properties. Some households have to wait several months to be offered a permanent tenancy, sometimes in temporary accommodation at a cost to the council. An increase in the number of affordable rented properties would reduce the cost of temporary accommodation.

## 5 Legal Implications

5.1 The council has a legal duty to find accommodation for households which it accepts as statutorily homeless. Most of these households could only afford Housing Association rented properties. An increase in the number of properties available for affordable rent, will therefore help the council to meet its statutory obligations.

## 6 Personnel Implications

6.1 None.

## 7 Alignment to Council Priorities

7.1 Delivering homes for all is a priority theme of the Corporate Plan. This resolution will help deliver the affordable housing needed across the borough, by using planning powers to increase the supply of social rented housing and improve service delivery.

7.2 This also aligns with the Council's Housing Strategy 2005-2008: Strategic Housing Objectives: "Deliver quality and choice in the housing market". It will enable us to ensure quality and choice of housing options to meet the needs of the Erewash Housing market.

### Background Papers

Planning Policy Statement 3: Housing (November 2006)

Erewash Housing Needs Assessment. (May 2007)

Nottingham Core Strategic Housing Market Assessment (March 2007)

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### Appendices

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