

Bolsover District Council

Planning Committee

21st November 2018

Affordable Housing Issues

Report of the Interim Planning Policy Manager

This report is public

Purpose of the Report

- To update members in relation to the changing circumstances in relation to Affordable Housing issues
- To advise Members of the approach to be taken in relation to the changing circumstances and Local Plan Policy.

1. Report Details

Background

- 1.1. The 2018 NPPF, published on 24th July, came into force on the day it was published, and replaced the 2012 NPPF in its entirety. However, in relation to the Examination of Local Plans and the transitional arrangements, the Publication Local, submitted for Examination in August 2018, will be tested against the requirements in the 2012 NPPF, not the 2018 version.
- 1.2. Whilst in many respects the 2018 NPPF is similar to the 2012 version, there are a few areas of significant change that raise particular issues for the Council, especially in relation to affordable housing. In such circumstances it appears sensible to ensure that the policies and approach of the Plan, where possible, are not only in compliance with the 2012 NPPF but also address the new requirements of the 2018 NPPF approaches.
- 1.3. Attached to this report is a paper on 'Affordable Housing and the 2018 NPPF, A Briefing note', looking at the issues in greater depth.

2. Affordable Housing issue

- 2.1 The policy requirement for the delivery of affordable housing in the current Bolsover District Local Plan is set out in policy HOU 6. This states that when determining planning applications for housing the Council will seek to negotiate the inclusion of an element of affordable housing to meet a proven

local need on sites which are for 25 or more dwellings or more than 1 hectare.

- 2.2 The Local Plan for Bolsover District submitted for examination by an independent inspector contains Policy LC2: Affordable Housing through Market Housing. This states: 'The Council will require applications for residential development comprising of 25 or more dwellings to provide 10% as affordable housing on site. Where this is stated not to be viable, a detailed site viability appraisal of the development proposal shall be required to inform an alternative level of provision'.
- 2.3 This policy was based on national guidance in the 2012 NPPF, and evidence in up to date studies.
- 2.4 However, within the 2018 NPPF there are a couple of fundamental changes to the Governments proposed approach to this issue. Whilst the definition of affordable housing need is almost identical in both versions, and is defined as 'those whose needs are not met by the market', the approach to meeting it is different.

THE MAIN CHANGES

- 2.5 The first main change is in the consideration of the types of housing that are considered to constitute affordable housing. The 2018 NPPF emphasises the provision of affordable market housing. The new definition has four categories. Three of these relate to home ownership products, focusing on enabling more people able to access the home ownership market, whilst the fourth category relates to affordable housing for rent. Full details are set out within the attached paper.
- 2.6 The second change is set out a Paragraph 64 of the Framework which states
'Where major development involving the provision is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups' (my emphasis)
- 2.7 The underlined part of the paragraph appears to set as a default situation that 10% of developments should be for the new version of affordable market housing, as part of the overall affordable housing contribution from the site. In our case, as our affordable housing requirement is set at 10% this means that the entire contribution would be for affordable Home ownership.
- 2.8 The second part of this (**in bold**), allows exceptions to this approach to be made where the ability to meet the identified affordable housing needs of specific groups maybe significantly prejudiced.

BOLSOVER'S AFFORDABLE HOUSING NEED

- 2.9 In Bolsover District the evidence base notes that house prices and private sector rents are relatively low compared with both the regional and national averages.
- 2.10 Within the District, 61.5% of households with a current affordable housing need are estimated to be likely to have insufficient income to afford market housing¹ without subsidy. In terms of newly forming households 47.7% will be likely to be able to afford market housing² without subsidy.
- 2.11 In interpreting the affordable needs evidence the Report³ notes that:
- a. Bolsover is part of a relatively low value housing market. Low house prices impact on residential development viability, and this significantly impacts on the level of affordable housing that can be delivered through mixed-tenure developments;
 - b. There are other means of delivering affordable housing besides through Section 106 Agreements, including through schemes brought forward by Registered Providers, through rural exception development and through delivery funded through the National Affordable Housing Programme. These will contribute to affordable housing delivery;
 - c. The need for affordable housing is very sensitive to housing costs and incomes. Increasing overall housing delivery can be expected to support improvements in the affordability of market housing. This will contribute to reducing the affordable housing need;
 - d. There is a clear need for economic regeneration. Improving employment levels and incomes will contribute to reducing the affordable housing need.
- 2.12 The study noted that housing in Bolsover district was 43% cheaper than the national average. This means that the role that can be played by new, 'low cost market housing', is very limited. It is unlikely that new housing can be provided within the District that is actually of a lower cost than existing market housing opportunities within the area.
- 2.13 It is important to note that the income levels likely to be required to access owner occupied housing are often lower than might be needed to rent privately. This would suggest that a key issue in the District is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as other mortgage restrictions (e.g. where employment is recent, short term, temporary or zero hours). Whilst the 2018 NPPF suggests a clear policy direction to provide 10% of all new housing as affordable home ownership,(at 20% below market costs), it is clear that this does very little to help the affordable housing issues within Bolsover District.

¹ Paragraph 5.21 and table 43 of the North Derbyshire and Bassetlaw OAN update

² Paragraph 5.24 and table 43 of the North Derbyshire and Bassetlaw OAN update

³ Paragraph 5.42 of the North Derbyshire and Bassetlaw OAN update

- 2.14 The evidence suggests that if one can access a mortgage, there will be properties available within their price range that they can afford to buy. It is unlikely that new homes, even at a notional 20% reduction off market value, would be cheaper than existing properties currently available. Also, this approach does not help those people whose issue is the inability to access a mortgage at all.
- 2.15 In respect of the makeup of the current and future population of Bolsover District, the OAN update notes that the percentage of older people (65+) in the District at 19.6% is higher than both the East Midlands (18.8%) and National (17.7%) average⁴. Within the district over the period between 2014–2035 the population of people over 65 is predicted to rise by 48.7%⁵. The projected need for specialist housing for older people within the District is predicted to increase by 37 units annually between 2014–2035⁶ (this excludes residential care housing for which the expected need is 15 units for each year over the same period⁷).
- 2.16 Unless this group of the population have already bought their own homes, due to age they are unlikely to be able to access mortgages and buy a property, regardless of whether or not it is being offered at a lower price.
- 2.17 In 2011 24.7% of the population of the District had a long-term health problem or disability. This is predicted to increase by 4,689 between 2014–2035⁸. The Housing Market Area has a high level of disability when compared with other areas⁹. An aging population means that the number of people with disabilities is expected to increase substantially in the future.
- 2.18 People with a long term health problem are more likely to live in social rented housing or likely to be outright owners, where they have been able to purchase housing earlier in their lives. This new approach will limit affordable rented properties in such a way that people with a disability are likely to be relatively disadvantaged when compared to the rest of the population.

3. Conclusions and Reasons for Recommendation

- 3.1 There is a clear mismatch between the type and level of affordable housing that the new NPPF generally encourages local authorities to deliver, and the type and level of affordable housing predicted to be needed by people living within Bolsover District.

⁴ Table 76 of the North Derbyshire and Bassetlaw OAN update

⁵ Tables 77 & 78 of the North Derbyshire and Bassetlaw OAN update

⁶ Table 97 of the North Derbyshire and Bassetlaw OAN update

⁷ Table 80 of the North Derbyshire and Bassetlaw OAN update

⁸ Tables 82 & 83 of the North Derbyshire and Bassetlaw OAN update

⁹ And within the HMA Bolsover District has the predicted highest increase between 2014 and 2035 Table 83 of the North Derbyshire and Bolsover OAN update

- 3.2 The Government's aspiration for young people to be able to get on the property ladder and purchase their own homes is supported. However, the existing and future expected population growth in the District is characterised by an increasing aging population with long term health problems rather than young people. The local housing needs assessment in the OAN update notes that people with long term health issues are more likely to live in social rented accommodation. The other group that will see a high increase in growth of the plan period, are older people (65+), who are less likely to work, or may have a limited income due to limited work opportunities. As such they are less likely to be able to obtain or pay a mortgage, even for products such as affordable home ownership.
- 3.3 Low viability within the District means that if the expectation in the NPPF for 10% of new homes to be available for affordable home ownership was met, this would be the only type of affordable housing built in the District in future.
- 3.4 The Council's Strategic Housing officers consider that to provide the entire affordable housing requirement as affordable home ownership would significantly prejudice the Council's ability to meet the needs of households who cannot afford to purchase, but need social or affordable rented housing.
- 3.5 As market prices are low, from a strategic housing point of view, we would not want to provide Affordable Home Ownership, at the expense of social or affordable, rented housing. In relation to determining planning applications it has been recommended that applications are refused where it is proposed to meet the affordable housing requirement through affordable home ownership only, where there is an identified need for social or affordable rented housing to meet an existing shortfall in provision.
- 3.6 The requirement in the 2018 NPPF appears to allow flexibility to meet local needs, in so far as an exception is provided within Para 64 where such provision (10% Affordable market housing) would, '*significantly prejudice the ability to meet the identified affordable housing needs of specific groups*'.
- 3.7 Given the demographic projections for residents in the district (i.e. that the groups that are expected to increase as a proportion of the population over the Plan period are those aged 65+, and people with long term health problems), it is considered that these are specific interest groups. In addition their needs would be prejudiced by a requirement that the only type of affordable housing sought from eligible market housing sites was in the form of affordable market housing.
- 3.8 Given the provisions of the 2018 NPPF and the evidence underpinning policies in the Publication version of the Local Plan for Bolsover District, it is considered essential that clarity is given to the affordable housing situation within the District.
- 3.9 In order to prevent concerns arising over the compatibility of the Plan with the Equalities Act 2010, and in order to ensure that the future delivery of

affordable housing within the district, meets the needs of the community, it is proposed that the current policy in the Local Plan is put forward for, through the previously identified channels, as a major modification to the Plan. The modifications to be proposed will be:

PROPOSED MODIFICATION

Policy LC2: Affordable Housing Through Market Housing

The Council will require applications for residential development comprising of 25 or more dwellings to provide 10% as affordable housing on site. **This should be in the form of affordable housing for rent. Where an applicant can demonstrate that this requirement would lead to issues of viability (for example where there has been a change in site circumstances since this Plan was adopted) they should justify the need for a viability assessment, and submit it with the planning application.**

- 3.10 In relation to Para71 of the 2018 NPPF relating to rural exception sites, a paragraph should be added at the end of the section on Affordable Housing stating that :

“The evidence base for the Local Plan indicates that the need for entry level housing at low cost, as provided for by Paragraph 71 of the 2018 NPPF, is generally well met across the district. Where exceptional circumstances apply and a proposal can clearly show that a specific need is being met and the dwellings will provide for that need over the long term, proposals will be supported.”

- 3.11 On the basis of the above proposals it is considered that the Local Plan remains compliant with the 2012 NPPF, but will also be robust to address the issues raised in the 2018 NPPF.
- 3.12 Therefore it is recommended that the Planning Committee note the contents of this report and the intention to seek to modify the Plan in the manner set out above.

4. Consultation and Equality Impact

- 4.1. An Equality Impact Assessment was carried out as part of publishing the Publication Local Plan, and will be completed in relation to the Pre-adoption version of the Plan. However, it is considered that were we to proceed with the Plan without seeking to offset the impact that the new 2018 NPPF may have, as set out above, we may have an adverse impact in relation to the Equalities Act 2010.

5. Alternative Options and Reasons for Rejection

- 5.1. The main alternative option is to take no action in relation to this issue. Such an approach would leave the issue to be addressed post the Local plan

examination with uncertainty persisting in relation to the affordable housing needs of the District.

6. Implications

Finance and Risk Implications

6.1. There are no specific finance and risk implications generated by this report.

7. Legal Implications including Data Protection

6.2. No implications based on this report.

Human Resources Implications

6.3. None.

7. Recommendations

That the Planning Committee note the contents of this report and the attached Paper, 'Affordable Housing and the 2018 NPPF, A Briefing note', and the intended actions to seek modifications to the Plan.

8 Decision Information

<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:</p> <p>BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/></p> <p><input type="checkbox"/> Please indicate which threshold applies</p>	<p>No</p>
<p>District Wards Affected</p>	<p>All</p>

Links to Corporate Plan priorities or Policy Framework	<p>The new Local Plan will identify suitable areas for development to help to deliver the Council's Growth Agenda. It will assist both developers and local residents by providing certainty about the way the district will develop over the Plan period. It therefore contributes to the following Corporate Aims and their identified priority actions:</p> <ul style="list-style-type: none"> • Unlocking Our Growth Potential (main aim); • Supporting Our Communities to be Healthier, Safer, Cleaner and Greener.
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9 Document Information

Appendix No	Title
None	
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Local Plan Evidence Base Documents	
Report Author	Contact Number
Rob Routledge	Ext 2299