



**To: The Chairman and Members of the Overview and Scrutiny Committee**

Dear Councillor

**Overview and Scrutiny Committee - Thursday, 19 April 2018**

Please find attached the Review of the Affordable Housing Targets, which was not available when the agenda was circulated:

6. Review of the Affordable Housing Targets

Yours sincerely

Will Baines

This page is intentionally left blank



---

<b>REPORT TO:</b>	<b>OVERVIEW AND SCRUTINY COMMITTEE</b>
<b>DATE:</b>	<b>19<sup>th</sup> APRIL 2018</b>
<b>REPORT OF THE:</b>	<b>HEAD OF PLANNING</b>
<b>TITLE OF REPORT:</b>	<b>REVIEW OF COUNCIL'S AFFORDABLE HOUSING TARGET PERFORMANCE INDICATOR HS 17</b>
<b>WARDS AFFECTED:</b>	<b>ALL</b>

---

## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

- 1.1 The report summarises recent performance against the Council's current Affordable Housing Target (Performance Indicator HS 17). The report also considers the appropriateness of the current target and considers amendments to the current target in the light of potential changes to central government policy.

### **2.0 RECOMMENDATIONS**

- 2.1 That the committee note the background affordable housing performance information contained in the report and also the commentary set out in Section 6 of this report.
- 2.2 That the current affordable target is amended to align with the net affordable housing deficit figure of 79 dwellings per annum in the light of the evidence contained in the current version of the Council's Strategic Housing Market Assessment 2016.
- 2.3 That the Council's affordable housing target is the subject of a further review report following the publication of the Government's final response to the current Ministry of Housing, Communities and Local Government consultations covering revisions to the National planning Policy Framework and developer contributions. The consultation proposes significant changes to the definition of affordable housing (See attached Appendix 1). An officer report in relation to the current consultations will be considered by the Council's Planning Committee on 8<sup>th</sup> May 2018 in order that the Council's response can be formally submitted within the consultation deadline.

### **3.0 REASON FOR RECOMMENDATION(S)**

- 3.1 To align the current overall affordable housing target with the most up to date information contained in the Council's Local Plan evidence base – set out in the 2016 Strategic Housing Market Assessment produced by GL Hearn.

3.2 To review the target in the light of likely changes to the definitions of affordable housing arising from the Government's final response to the current round of consultations. Officers anticipate that a final version of the revised NPPF and associated suite of documents and revisions to planning guidance will be published late summer early autumn 2018. The further review will be able to consider the Council's affordable housing target in the light of a more detailed understanding of the operational implications for the negotiation of affordable housing from qualifying sites/schemes.

#### **4.0 SIGNIFICANT RISKS**

4.1 There are no significant risks associated with the recommendations. Not reviewing the affordable housing target in the light of any revisions to the NPPF could result in criticism of the quality and relevance of the Council's performance data if it does not take proper account of national policy.

#### **5.0 POLICY CONTEXT AND CONSULTATION**

5.1 The Policy context for the negotiation and consideration of planning applications that deliver affordable housing is set out the Council's adopted development plan, which is comprised of the Ryedale Plan - Local Plan Strategy and the Helmsley Plan. Both of these plans are considered to be fully compliant with the current version of the NPPF. This has enabled officers to negotiate confidently with developers and promoters of schemes to secure the size, type and tenure of accommodation that is considered to meet the housing needs of the locality.

5.2 Significant changes to national policy set out in a revised NPPF would need to be considered by the Council when the current development plan is reviewed in order to ensure that the plan remains compliant with national policy. Failure to do so could result in uncertainty, potential for inconsistent decision making and challenge on appeal.

5.3 No public consultation has been undertaken in respect of this report to Members.

#### **6.0 REPORT DETAILS**

6.1 The Council's affordable housing target is currently set at 75 dwellings per annum. It is not clear how the figure of 75 units was originally determined, however this target figure has been used by the Council's as its relevant Performance Indicator HS 17 since at least 2008/9. It is considered by officers that this target is an 'aspirational' target since the Council's annual overall housing figure for many years has been only 200 dwellings per annum. Members will appreciate that some sites/applications make no contribution to affordable housing at all. Indeed since the Ministerial Statement Issued in November 2014 by Brandon Lewis and the associated Court Of Appeal decision relating to West Berkshire case in May 2016, no on-site contributions have been received from small sites in Ryedale.

6.2 The current affordable housing target figure is considered to be somewhat arbitrary. In the light of the specific Net Deficit Figure contained in Section 5 of the 2016 version of the SHMA it is recommended at the current time that this should be amended to 79 units per annum.

6.3 Performance since 2008 is as set out below:

2008/9	57 units
2009/10	96 units
2010/11	52 units
2011/12	95 units

2012/13 94 units  
2013/14 40 units  
2014/15 46 units  
2015/16 30 units  
2016/17 52 units  
2017/18 28 units (44 projected for the end of year - to be confirmed)

- 6.3 Aside from years where significant 'one off' schemes have been delivered through registered providers and the Homes and Communities Agency,(now Homes England), (as in 9/10,11/12 and 12/13) affordable housing delivery performance has ranged between 30 and 57 units per annum.
- 6.4 Performance of affordable housing delivery via developer contributions from Section 106 (larger) sites has generally met the requirements of the development plan policy - being either 35% or 40% levels of contribution dependent upon the site's location. Exceptions to this have only occurred where the developer has submitted viability evidence to justify a lower contribution.
- 6.5 In more recent times consistency of delivery of affordable housing from sites has also been affected by changes to funding for registered providers. Registered providers have also become increasingly selective over the units that they are prepared to acquire from developers.
- 6.6 Members will appreciate that many of the issues affecting delivery discussed above are outside of the direct control of the Council. Similarly, the proposed changes to the definition of what constitutes affordable housing in the recent consultation (set out in the attached Appendix 1) have the potential to have a significant effect in the way that the Council is able to deliver the type of affordable housing that is required to meet the housing needs of the district.
- 6.7 In the light of these implications, officers consider that a robust, considered response is required to the current consultations in order that the potential consequences arising from the consultation as they relate to Ryedale are considered and fully understood by the government before the revised NPPF is published as a final document.
- 6.8 In addition to the above matters, a recent report in the Yorkshire Post has revealed that the affordability ratio (the ratio of mean house prices to incomes) in Ryedale for 2017/18 had risen to over 10. Again this wider housing market issue is a matter over which Ryedale Council has little no direct control. The ability therefore to be able to deliver the right type of affordable housing in the district is likely to become increasingly important set against this backdrop.

## **7.0 IMPLICATIONS**

- 7.1 The following implications have been identified:
- a) Financial  
None
  - b) Legal  
None
  - c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)  
None

**Author:** Gary Housden  
**Head of Planning**  
Telephone No: 01653 600666 (ext 307)  
E-Mail Address: [gary.housden@ryedale.gov.uk](mailto:gary.housden@ryedale.gov.uk)

**Background Papers: Ryedale Plan – Local Plan Strategy Adopted 5<sup>th</sup> September 2013**  
**Helmsley Plan Adopted July 2015**  
**Strategic Housing Market Assessment (SHMA) 2016 - GL Hearn**

## APPENDIX 1

The monitoring of affordable housing delivery against the current corporate target is for affordable housing as defined in the National Planning Policy Framework.

The National Planning Policy Framework currently defines affordable housing as:

*“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.*

*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.”*

References to affordable housing in Policy SP3 of the Local Plan Strategy is based on the above definition.

On 5 March 2015, the Government published draft revisions to the NPPF for consultation. This includes a revised definition of affordable housing. The revised definition proposed is as follows:

*“Affordable housing: housings of sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers);and which complies with one or more of the following definitions:*

- a) Affordable housing for rent: meets all of the following conditions;(a) the rent is set in accordance with the Government’s rent policy, or is at least 20% below local market rents (including service charges where applicable);(b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider);and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent Schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context is known as Affordable Private Rent)*
- b) Starter Homes: is as specified in sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute at the time of plan- preparation or decision-making. Income restrictions should be used to limit a household’s eligibility to purchase a starter*

*home to those who have a maximum household incomes of £80,000 a year or less (or £90,000 a year or less in Greater London)*

- c) Discounted market sales housing: is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households*
- d) Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.”*

The proposed definition excludes reference to social rented housing. The revised definition presents a challenge in terms of establishing /revising a corporate affordable housing target. A number of the affordable products (such as Help to Buy and Build to Rent) will not be negotiated and secured as part of planning schemes but will be paid directly to housebuilders).