Summary

This report advises Cabinet Member: Planning and Building Control of the implications of the recently issued revised NPPF with regard to the Council’s current affordable housing policy and recommends an interim policy position be adopted until such time as the policy can be reviewed, following the completion of the recently commissioned 2018 Strategic Housing Market Assessment (SHMA).

It is also proposed that the report should be shared with the Cabinet Member: Housing and Communities.

Recommendations:

That Cabinet Member approves:

The adoption of the following as an interim affordable housing position as a consequence of the publication of revised National Planning Policy Guidance (NPPF), namely that:

1. The Council maintains its current affordable housing policy position as set out in policy HC1 of the Local Plan in respect of schemes involving the provision of 15 or more homes; and

2. For ‘major development’ sites (i.e. involving the provision of 10 or more homes or the site has an area of 0.5 hectares or more) with a capacity of less than 15 homes, at least 10% of the dwellings provided as part of the affordable housing provision, will be made available for affordable home ownership consistent with definition in revised NPPF.

Reasons for the Recommendations:

To give certainty to the Council’s affordable housing policy position following the publication of revised NPPF and until such time as the ongoing 2018 SHMA has been completed.
**Alternative Options Considered and Rejected:** (including any Risk Implications)

To not provide this clarity regarding the Council’s affordable housing policy but this would create uncertainty and confusion.

**What will it cost and how will it be financed?**

(A) **Revenue Costs**

There are no revenue costs.

(B) **Capital Costs**

There are no capital costs.

**Implications of the Proposals:**

- **Resource Implications (Financial, IT, Staffing and Assets):**
  
  The adoption of this interim affordable housing position will save staff resources until such time as the revised policy position is adopted, as officers will not need to have individual negotiations with every developer of a site of 10 or more dwellings capacity.

- **Legal Implications:**
  
  There are no legal implications.

- **Equality Implications:**
  
  There are no equality implications.

**Contribution to the Council’s Core Purpose:**

- **Protect the most vulnerable:**
  
  The proposal will ensure that affordable housing is provided on sites of 10 or more dwellings.

- **Facilitate confident and resilient communities:**
  
  The proposal will ensure that affordable housing is provided on sites of 10 or more dwellings.

- **Commission, broker and provide core services:**
  
  Not applicable

- **Place – leadership and influencer:**
  
  Not applicable

- **Drivers of change and reform:**
  
  Not applicable

- **Facilitate sustainable economic prosperity:**
  
  Not applicable

- **Greater income for social investment:**
  
  The proposal will ensure that affordable housing is provided on sites of 10 or more dwellings, as compared with sites of 15 or more at present.
What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Head of Corporate Resources (FD5250/18) and Head of Regulation and Compliance (LD4474/18) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Not applicable as this report simply seeks Cabinet Member agreement to an interim affordable housing policy position consistent with that in the adopted in the Local Plan, plus the requirement to take on board NPPF advice with regard to ‘major development’ sites of 10 to 14 dwellings capacity. A subsequent public and stakeholder consultation will be required on any policy changes suggested as a consequence of the eventual findings of the ongoing 2018 SHMA study.

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Cabinet Member decision.

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Appendices:

There are no appendices to this report.

Background Papers:

1. Introduction

1.1 To advise the Cabinet Member-Planning and Building Control of the implications of the recently revised NPPF issued on 24th July 2018 with regard to the Council’s current affordable housing policy, and to recommend an interim policy position be adopted until such time as Local Plan Policy HC1 can be reviewed, following the completion of the recently commissioned 2018 Strategic Housing Market Assessment (SHMA).

2. The current affordable housing policy basis

2.1 Following the adoption of the Sefton Local Plan in April 2017, the Council has in place a robust policy on affordable housing, namely Policy HC1 – Affordable and Special Needs Housing and this informs site specific s106 affordable housing negotiations and subsequent agreements. The key elements of Local Plan Policy HC1 are as below:

All of Sefton outside Bootle and Netherton

1. For new developments of 15 dwellings or more (or for residential and other conversions involving 15 or more additional dwellings net) 30% of the total scheme (measured by bedspaces) will be provided as affordable housing.

2. 80% of the affordable housing should be provided as social rented/affordable rented and the remaining 20% provided as intermediate housing.

Bootle and Netherton

3. Affordable housing will be required as part of proposals for new developments of 15 dwellings or more (or for residential and other conversions involving 15 or more additional dwellings net) on the basis of 15% of the total scheme (measured by bedspaces).

4. Affordable housing should be 50% social/affordable rented and 50% intermediate housing.

3. The revised NPPF guidance affordable housing requirements

3.1 The publication of the revised NPPF provides new guidance on affordable housing and this is a material consideration in both the determining of planning applications and future local plan preparation/reviews. The key affordable housing elements of revised NPPF may be summarised as below:

- The revised NPPF Glossary at Annex 2, unlike the draft version which deleted it, specifically includes reference to social rent housing, albeit as an ‘affordable housing for rent’ product rather than as a distinct product in its own right; Build to Rent (where a landlord does not need to be a registered provider) is now, for the first time, included under this heading as affordable housing for rent, providing it is set at an Affordable Private Rent (i.e. 20% below local market rents). Build to Rent is typically 100% rented out, with a lease of three or more years, professionally managed and in single ownership and management.

- Further amendments have been made to the definition of affordable housing to include a new category of Starter Homes. The previous reference to the maximum annual household income of eligible buyers (£80,000, or £90,000 in London) has now been removed and this is left as a matter for secondary legislation; this is to reflect the fact that the Housing and Planning Act 2016 does not explicitly refer to these income thresholds.
A new category of affordable housing is included under the wider affordable housing definition, namely discounted market sales housing (sold at a discount of 20% below local market value). Provisions are to be put in place to ensure that such housing remains at a discount for future occupants.

Under the sub-heading ‘Other affordable housing routes to home ownership’ is housing for ‘sale that provides a route to ownership for those who could not achieve home ownership though the market’. This includes: shared ownership, homes provided under equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). As intermediate rent is not defined this would presumably be set through the new SHMA.

Significantly, NPPF paragraph 64 now requires that ‘major development’ sites of 10 or more dwellings will be expected to deliver ‘at least 10% of the homes … for affordable home ownership’ i.e. Starter Homes, discounted market homes and other affordable housing routes to home ownership.

4. Comment

4.1 The affordable housing policy changes proposed in the revised NPPF are more modest than originally anticipated in the consultation draft NPPF and this is to be welcomed. Specifically, the retention of social rented housing is also welcomed since together with affordable rented housing, it reflects the priority forms of affordable housing need in Sefton as defined in the 2014 SHMA.

4.2 The addition of new affordable housing products such as Starter Homes, Build to Rent, discount market sales, other low cost homes for sale raise complex issues for the Council regarding the importance to be attached to them as there has, hitherto, been no assessment as to the extent to which these new affordable housing products can meet local affordable housing need in Sefton.

4.3 The NPPF requirement that sites of 10 or more dwellings capacity will be expected to deliver ‘at least 10% of the homes … for affordable home ownership’ i.e. Starter Homes, discounted market homes and other affordable housing routes to home ownership represents a departure from our current affordable housing policy position, not only by virtue of the type of affordable housing offered but also because the size threshold of 10 dwellings is below the current (i.e. the 15 or more) size threshold that we currently apply under our affordable housing Policy HC1–Affordable and Special Needs Housing.

5. The suggested way forward

5.1 To avoid uncertainty and confusion, the Council needs to establish a clear interim policy position with regard to affordable housing, post the issuing of revised NPPF.

5.2 The recently commissioned 2018 SHMA will look at affordable housing need in Sefton afresh in the context of the new affordable housing definitions in revised NPPF. This work will reach a draft stage for public and stakeholder consultation in about October 2018 (following Cabinet Member approval) and a final report will be produced before the end of 2018. This will then be reported to Cabinet with a recommendation for any affordable housing policy changes, in January or February 2019.
5.3 Given this it would be prudent for Cabinet Member to agree an interim affordable housing policy position until such time as a new affordable housing policy position is agreed by Cabinet. The logic for this can be justified by revised NPPF paragraph 64 on the basis that the premature introduction of new affordable home products could ‘significantly prejudice the ability to meet the identified affordable housing needs of specific groups.’ In short, the approval of an interim affordable housing policy position would give certainly and consistently to policy advice regarding housing planning applications until such time as a new affordable housing policy position can be approved.

5.4 The above noted there is a more pressing need to address the revised NPPF advice that ‘major development’ sites of between 10 and 14 dwellings should deliver ‘at least 10% of the homes ... for affordable home ownership’ and it is proposed that this policy addition is agreed, with immediate effect, from the revised NPPF changes published on 24\textsuperscript{th} July. Importantly, it would, in no way, prejudice the Council’s current ability to meet the identified affordable needs of specific groups on sites of 15 or more dwellings capacity.

5.5 Accordingly, it is proposed that the Cabinet Member agrees that:

(i) no policy amendment is made to adopted Local Plan Policy HC1 Affordable and Special Needs Housing until such time as the 2018 SHMA has been completed and the findings and policy advice contained therein have been considered and agreed by Cabinet, in early 2019;

(ii) consistent with the revised NPPF, the immediate application of an affordable housing obligation on ‘major development’ sites of fewer than 15 dwellings capacity to deliver at least 10% of the homes for affordable home ownership as defined in Annex 2: Glossary to revised NPPF.

5.6 For the avoidance of doubt this implies no policy change, at this time, to our current Local Plan affordable housing Policy HC1- Affordable and Special Needs Housing but includes the addition of a policy requirement on sites of 10 to 14 dwellings capacity as required by the revised NPPF.