

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

Report to Planning Applications Committee

22nd November 2018

TITLE:	DISCOUNTED FOR SALE AFFORDABLE HOUSING
CONTACT:	DEVELOPMENT MANAGEMENT / PLANNING POLICY TEAM
WARDS INVOLVED:	ALL

Appendices Attached - None

1. Reason for the Report:

- 1.1 To inform members of the Planning Applications Committee on the planning policy position with regard to the inclusion of “discounted for sale” housing within the affordable housing provision in new residential developments.

2. Recommendation

- 2.1 That the report be noted.

3. Background

- 3.1 At the last meeting of the Planning Applications Committee, Members requested clarification with regard to the use of “discounted for sale” housing as part of the affordable provision in new residential developments.

4. Policy Position

Legal Position

- 4.1 As members will be aware, the Council is required under the Town and Country Planning Acts to determine planning applications in accordance with the Development Plan, unless there are material

considerations which indicate otherwise. Therefore the starting point for the consideration of affordable housing provision is the Development Plan, which in the case of SMDC is the adopted Core Strategy.

Development Plan Policy - Core Strategy

- 4.2 Policy H2 of the adopted Core Strategy states the following in relation to the mix of affordable housing:

“Unless circumstances dictate otherwise and in agreement with the Council, 70% of all affordable dwellings provided on each site should be social rented housing with the remainder being intermediate housing.”

Material Considerations – National Planning Policy Framework

- 4.3 The revised National Planning Policy Framework was published in July 2018. The National Planning Policy Framework sets out the Government’s planning policies for England and how these should be applied¹. It provides a framework within which locally-prepared plans for housing and other development can be produced. The National Planning Policy Framework must be taken into account in preparing the development plan, and is a material consideration in planning decisions. Planning policies and decisions must also reflect relevant international obligations and statutory requirements.
- 4.4 The newly adopted Framework has made a number of changes in respect of Affordable Housing from its 2012 predecessor. The old NPPF did not make reference specifically to Discounted for Sale Housing but did refer to “Intermediate housing” which was defined as housing:
- “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.”*
- 4.5 The new Framework has replaced the reference to “intermediate housing with an explicit reference to discounted market sales housing in its definition of affordable housing.
- 4.6 The new Framework also now includes Starter Homes within the definition of affordable housing. These are defined in the Housing and Planning Act 2016 as new dwellings available to first time buyers between the ages of 23 and 40, sold at a discount of at least 20% of market value.

Emerging Local Plan Policy.

4.7 The Council is currently in the process of preparing a new Local Plan for the Staffordshire Moorlands.

4.8 The Council agreed to publish the Local Plan Submission Version for representations in February 2018. At this point, the Council agreed that the Local Plan was “sound”. Formal representations were then invited from residents, businesses and other stakeholders to provide them with the opportunity to support or challenge the soundness or legal compliance of the Local Plan. This stage in the process followed three previous public consultations since 2015 which had informed the preparation of the Local Plan alongside a comprehensive evidence base.

4.9 In June 2018, the Council subsequently agreed to submit the Local Plan Submission Version to the Secretary of State for examination. An examination in public is now underway in order to determine whether the Local Plan is sound and legally compliant. Subject to the findings of the appointed inspector, the Local Plan is expected to be adopted in the Spring of 2019. At this point, it will supersede the adopted Core Strategy and become part of the statutory development plan for the District. With regard to Affordable Housing, Policy H3 of the Local Plan Submission Version proposes to amend the mix of affordable housing by decreasing the percentage of rented accommodation. As the policy is subject to the ongoing Local Plan examination and outstanding objections, it can currently only be given limited weight. It states:

“Unless circumstances dictate otherwise and in agreement with the Council, 60% of all affordable dwellings provided on each site will be social / affordable rented housing with the remaining 40% being intermediate / starter homes”

4.10 This mix of housing corresponds with the recommendations of the Strategic Housing Market Assessment (2014) and Update (2017) which were commissioned by the Council to identify the level and type of housing required in the District.

4.11 Accordingly, both the adopted Core Strategy and emerging Local Plan provide the opportunity to accommodate dwellings for sale below open market value through starter homes and intermediate housing.

4.12 Furthermore, policy in the adopted Core Strategy and emerging Local Plan allows consideration of viability and deliverability in determining the level and mix of affordable housing.

4.13 However the Council’s Housing Officer has commented that an area of concern is that Discounted for Sale units do not meet the needs of households on our housing register . Households who are on benefits

or low incomes will still be unable to affordable Discounted for Sale units even with a 20-30% discount. By contrast shared ownership enables home ownership but is open to a wider variety of households, so those on lower incomes can purchase a small percentage equity share.

- 4.14 Although this is not planning consideration, Discounted for Sale units do require significant staff resources to confirm Open Market Value on first and subsequent sales and staff time to manage the allocation of the units to ensure the potential purchases meet the requirements of the s106 agreement. Developers are also often reluctant to provide Discounted for Sale units because they may not be able to easily secure buyers, whereas other forms of intermediate tenure such as Shared Ownership can be sold in bulk to a Registered Provider, thus guaranteeing a market for around a third of the site which assists with cashflow, viability and delivery.
- 4.15 Therefore it is always our preference to secure other forms of intermediate tenure but we will consider Discounted for Sale units where there are viability constraints or a registered provider is unable to take on the affordable units. Both the existing policy and emerging one do make provision for this. In our current precedent S106 agreement we have a cascade mechanism in place which includes Discounted for Sale should a developer be unable to engage a housing association.
- 4.16 As such, discounted market sale housing can be supported where a viability case is made or when a registered provider is unable to take on the units.