

## **PLANNING COMMITTEE – 6 MARCH 2012**

### **REPORT OF DEPUTY CHIEF EXECUTIVE (COMMUNITY DIRECTION)** **RE: AFFORDABLE RENT**

---

#### **1. PURPOSE OF REPORT**

- To update members on the use of affordable rent as part of the affordable housing provision in the Borough;
- To inform members of the emerging evidence base for affordable rent;
- To set the approach for negotiating affordable housing with developers.

#### **2. RECOMMENDATION**

That members consider the proportion of affordable rent within a housing development on a site by site basis taking into account:

- i. The non-discretionary use of affordable rent where grant under the Affordable Homes Programme 2011 – 15 is part of the financial package on site;
- ii. the need for affordable rent set out in the evidence base from the project to establish the need for affordable rent ;
- iii. the contribution affordable rent makes to increasing the viability of a site;
- iv. The requirement for Registered Providers to meet the agreed package of affordable rent units in their contract with the Homes and Communities Agency.

#### **3. BACKGROUND TO THE REPORT**

3.1 At present Policy 15 of the Core Strategy identifies only social rented and intermediate housing as being able to provide the requirement for affordable housing within the Borough. Affordable rent was introduced as part of the Affordable Homes Programme 2011 – 15. Development partners with the Homes and Communities Agency have signed a contract with the Homes and Communities Agency to deliver an agreed number of affordable rented properties during the programme.

3.2 Planning Policy Statement 3 was amended in June 2011 to include Affordable Rent as an affordable housing product. The definition of affordable housing now reads:

**“Affordable housing is:**

‘Affordable housing includes social rented, affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

– Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.

– Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision’.

**Affordable rented housing is:**

“Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent.”

**Intermediate affordable housing is:**

‘Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent but does not include affordable rented housing.’

The definition does not exclude homes provided by private sector bodies or provided without grant funding. Where such homes meet the definition above, they may be considered, for planning purposes, as affordable housing.”

## **4 AFFORDABLE RENT**

4.1 Whilst affordable rent properties are classed as an affordable housing product, they operate differently to the rules governing social rents. Affordable rents:

- Can be charged at up to 80% of the full market rent in an area;
- Cannot be lower than the target rent charged for social rents;
- Registered providers should have regard to the Local Housing Allowance when setting the rent.
- As the rent is set by reference to local market rents, there will be variations in affordable rent levels, based on the different sub markets in the Borough.

4.2 Affordable rent tenancies will be subject to nomination agreements with the local authority, and advertised through the Choice Based Lettings process.

4.3 The Homes and Communities Agency have introduced affordable rents with the intention that the increased borrowing capacity from charging higher rents will be used by the Registered Provider to increase provision of affordable housing on new sites.

4.4 Where a site would not be viable delivering the full rented requirement as social rented dwellings, affordable rent can help the site viability as the higher rent would mean the Registered Social Landlords could offer a higher purchase price per unit to developers. This would meet with the Homes and Communities Agency’s aim of supporting delivery of new housing as it would deliver new housing which would otherwise not be provided.

### **4.4 Impact of affordable rent on housing need in the Borough.**

The Council has commissioned BLine Housing Information Ltd to develop an evidence base to support the considered use of affordable rents in the Borough. This report is currently only at draft stage, with a final report expected by March 2012.

Emerging evidence in this report suggests that 42% of all lets could be for affordable rents. As this figure covers all lettings, and the majority of relets will initially be for social rented properties, a higher proportion of affordable rent could be accepted on new sites.

5 **FINANCIAL IMPLICATIONS [CB]**

There are none arising directly from the report.

6 **LEGAL IMPLICATIONS [AB]**

Contained in the body of the report.

7 **CORPORATE PLAN IMPLICATIONS**

The consideration of Affordable Rent and Discounted Sale housing supports the following aims of the Corporate Plan 2009 – 2014:

- Strong and distinctive communities
- Decent, well managed & affordable housing

8 **CONSULTATION**

Consultation has taken previously with Officers from Planning Policy, Development Control and Housing at the introduction of affordable rent.

9 **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

<b>Management of significant (Net Red) Risks</b>		
<b>Risk Description</b>	<b>Mitigating actions</b>	<b>Owner</b>
Affordable rent levels are above the Local Housing Allowance and therefore too high for housing benefit applicants	Include that rent will not be above local housing allowance in section 106 agreement.	Valerie Bunting
Affordable rent will be out of the reach of people in work.	Monitoring of the bids on Choice Based Lettings to identify whether certain groups are not bidding for these properties.	Valerie Bunting
Affordable rents will not be affordable in areas of high market rents	Identify through the evidence base whether there are sub markets where affordable rents will fail to meet the needs of low income groups.	Valerie Bunting

## 10 **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

This report is concerned with ensuring that a supply of affordable housing is available in the Borough for people who cannot meet their needs through the open market. As rural areas of the Borough tend to be more expensive than the urban core, care must be taken to ensure the continued affordability of housing in rural areas.

## 11 **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account: [if you require assistance in assessing these implications, please contact the person noted in parenthesis beside the item]

- Community Safety implications – None identified
- Environmental implications – None identified
- ICT implications – None identified
- Asset Management implications – None identified
- Human Resources implications – None identified
- Planning Implications – Contained within the report.
- Voluntary Sector – None identified

---

Background papers: Planning Policy Statement 3.

Contact Officer: Valerie Bunting x5612

Executive Member: Councillor Stuart Bray.