

APPENDIX C: COMMENTS FROM AFFORDBALE HOUSING ENABLING OFFICER

Ellistown & Battleflat NP Strategic Housing Comments

Page 7 need for AH – authors quoting HENA suggested tenure split of 62% rented 38% LCHO split without noting further comments from HENA which over exaggerate the AHO need.

Following on from the changes to the NPPF incorporated into the December 2024 version the Strategic Housing Team has taken the opportunity to review its position with regard to tenure of affordable housing now that the prescriptive elements relating to affordable home ownership of the previous version have been removed.

We have therefore revisited the existing evidence to form our current position

The most recent evidence for affordable housing need in NWL is the HENA produced in 2022.

This estimates the affordable housing need in the district from a 2020 baseline and concluded that the annual need was 236 rented and 146 low cost home ownership properties.

However the HENA also confirms

“... analysis points to an acute need for rented affordable housing in all parts of the County. There is an overlap between the affordable home ownership need shown and the role which market housing plays in supporting home ownership through schemes such as the Help-to-Buy Equity Loan scheme and mortgage guarantee schemes. The evidence would support policy approaches which seek to prioritise rented affordable housing delivery to meet those with acute needs with few alternative housing options; but there are viability considerations and policy priorities which individual authorities will need to balance. The figures shown represent the highest possible requirement for Affordable Home Ownership. Individual Local Authorities may consider that a proportion of those captured may either choose to purchase lower quartile market homes, be unable able to obtain mortgages or may want the flexibility afforded by renting. Individual local authorities may look to discount a proportion of the identified Affordable Home Ownership numbers to reflect these scenarios.”

Since 2020 we have seen a consistent under-delivery of affordable housing against the targets identified in the HENA after the first five years we are forecasting a shortfall of 578 rented units.

In this period we have delivered 235 Affordable Home Ownership units and 602 rented units. Furthermore as permissions granted, or previously agreed with developers in line with the previous NPPF regime, work their way through to delivery we anticipate a further 215 permitted Shared Ownership, first homes & Discounted Open Market homes in the pipeline. Therefore opportunities to redress the shortage of rented units will take some time to come forward.

The authors of the HENA acknowledged that the absence of an accepted methodology for calculating AHO “need” may have resulted in an over- exaggeration of the requirement having failed to identify & include new & future provision, only considering shared ownership provision or accounting for the ability of some households to purchase existing lower quartile market homes.

The HENA also assumed that households in the Private Rented Sector reside in that sector as a stepping stone to home ownership and so the tenure can be seen as a proxy for demand for affordable home ownership. This is an over simplification and there will be those in the PRS for whom home ownership is not affordable or desirable. In many cases a shortage of affordable rented properties has actually driven households into the private sector. This is evidenced by 25 % of applicants on the housing register are current private sector tenants.

Therefore as identified in the HENA we are taking a policy approach that prioritises rented affordable housing delivery. The most up to date viability evidence available to the Council is the Proposed Publication Version Local Plan, Viability Review (addendum) 2017, which tested a 81% rented 19% intermediate home ownership and affordable housing targets were set based on these assumptions. To address the shortfall in delivery of rented units to date 80% of affordable units will therefore be sought as rented units.

Further evidence from a Leicestershire LA partner indicates that the Planning Advisory Service when asked to review their Local Plan evidence base recognised that whilst the HENA had provided good evidence at a strategic Leicestershire wide level it did not provide the level of detail needed for the Borough itself.

Affordable Housing policy – “recommended that 25% of Affordable Housing is delivered as First Homes” No longer prescriptive requirement under NPPF December 2024 and given the under delivery of rented units evidenced above First Homes will not be included in our affordable housing delivery.

NPPF 2024 wording -

31 The requirement to deliver a minimum of 25% of affordable housing as First Homes, as set out in 'Affordable Homes Update' Written Ministerial Statement dated 24 May 2021, no longer applies. Delivery of First Homes can, however, continue where local planning authorities judge that they meet local need.

Page 19 – First Homes no longer a prescriptive requirement and should be removed

Page 28 – evidence from the HENA – see above comments

Page 29 - The suggested mix of 35% affordable home ownership and 65% social/affordable rented housing complies with **the various minimum requirements mandated nationally**, depending upon the percentage of Affordable Housing delivered on sites. What are these? If this refers to First Homes requirement this is no longer in place following NPPF 2024. Reference to the mandatory requirements for FH should therefore be removed. We acknowledge that they can still form part of Affordable Home Ownership AHO portion, this 25% of all affordable provision is no

longer mandatory. NWLDC will not be requesting these properties as part of the affordable mix.

Table 4-5 Indicative Tenure split

First Homes – feedback from Developers that process is cumbersome and unpopular; Inclusion of FHs in negotiated AH mix also reduces a) offer levels from RP's (as don't have Shared Ownership to make higher bids) and b) reduces RP interest in offering at all

Reference to uncertain funding for Social Rent – this is now prioritised through HE funding to reflect government priorities

Social & Affordable Rent - Uncertain whether RPs willing to own/manage stock in this area NWLDC as a whole is a popular area for over 15 different well established RPs

Page 31 para 4.54 – pro rata figures from HENA without providing the context and the limitations admitted by the authors of the HENA perpetuate the over exaggeration of need for AHO.

Page 32 – A 65%/35% tenure mix does not cover the shortfall in rented accommodation, & 25% of **Affordable Housing** as First Homes in no longer national policy. Whilst FH could be provided as 25% of the AHO portion (notwithstanding points raised above re impact on viability of RP offers & Developer concerns) it is our opinion that shared ownership is the more attainable route into home ownership for the most residents.

Table 4-6 calculations based on HENA figures that the HENA authors acknowledged, based on the limitations of the methodology used, was an over-exaggeration of the AHO need, across the study area.

Page 33 4.59 Affordable housing is typically provided and made financially viable by its inclusion as a proportion of larger market developments, as guided by Local Plan policy. However, **if the community wishes to boost the supply of affordable housing**, there are other, more proactive routes available for its provision. For example, **using neighbourhood development orders, identifying exception sites** or developing community land trusts are all ways of boosting the supply of Affordable Housing. – Agreed, and the only way that properties could be allocated to households with a local connection to the NP area.

NWLDC operate a choice based lettings system and request applicants to indicate their preferred area for statistical purposes; applicants can bid for any property for which they are eligible in any area of the district. Applicants are not restricted to bidding on properties in their preferred area only.

All new major developments over 10 units within the NWLDC Area should meet the needs identified for the wider district. The Council do not operate local lettings policies (unless homes are provided on Rural Exception Sites under LP policy H5)

and allocations are made in terms of housing need and in accordance with Adopted NWLDC Allocations Policy.

Page 43 - 5.30 Generally speaking, the size mix needed within affordable tenures, particularly affordable and social rent, is smaller than the size mix of market housing. Note the authors have acknowledged that “affordable” rented homes are allocated according to need, in line with Allocations Policy, not aspirations/desire based on affordability like market or sub market sale. However this is not just based on “higher proportions of singles and couples” needing rented accommodation. Family homes are also needed as affordable/social rented

Page 43 Figure 5-10 & para 5.32– unlikely to get 1 bed market units (unless provided as specialist housing) similarly 1 bed AHO is likely to be provided as flats which RP’s are reticent to provide given these properties aren’t popular in the district and have proved difficult to sell on. Instances in the district where RP’s have had to buy back Shared Ownership 1 bed flats from owners who cannot sell on, resulting in a change in tenure to rented accommodation – just something for NP’s to note if they choose to monitor.

Page 44 Conclusions – Type & Size

Whilst acknowledging a need to balance the local market in terms of type & size we would urge the PC to think carefully about being too prescriptive on these matters as this could impact on the level and mix of affordable homes provided. The delivery of a varied AH property mix that meets identified needs is dependent on the overall viability of the site – essentially the market sale house types subsidise the AH provision. Effectively forcing developers to deliver less popular, less appealing properties in area with high new build delivery could reduce viability when compared to other sites outside of the NP area which would impact on AH delivered.

Para 5.46 – For information the affordable tenure mix and the rented property type & size on the SUE are already covered in the legal agreement attached to the site

Para 6.17 - Table 6-3 shows that over ¾ of the need for specialist housing for older people is for market housing, with this potentially even greater due to current provision in Ellistown & Battleflat all being for social rent. Refer to Allocations Policy - bungalows and flats (new or existing) are allocated according to need, so not necessarily for elderly only they could be allocated to young disabled applicants

It is worth noting that AH in a market scheme (apartment block) unlikely to receive RP offers if any were negotiated due to management arrangements and service charges levied. AH schemes need volume of numbers to be viable eg 70-80 units as a basic Retirement Living Scheme, higher numbers for extra care. Smaller schemes would be unlikely to be brought forward due to viability.

Recommendations for next steps

7.3 it is recommended that the Parish Council should monitor carefully strategies and documents with an impact on housing policy produced by the Government, North West Leicestershire District Council, or any other relevant party and review the Neighbourhood Plan accordingly to ensure that general conformity is maintained. Need to adjust to remove emphasis and requirements based on FH mandatory requirement

Appendix C

Social Rented

Whilst understanding the reasoning in reality households with much lower incomes than those quoted in the table would be able to afford Social Rented properties. These properties have rents covered in full by Housing Benefit (if required). This is not the case with Private Sector Rents which are only covered to LHA property specific rent levels.

Affordable Home Ownership

C25 – quotes relating to Paragraph 66 of the NPPF 2023 are no longer in place in NPPF 2024 – greater emphasis placed on Social Rented provision. Ideally reference to the mandatory 25% of AH as FH and 10% AHO of total numbers should be removed.

AH Policy Table D-3

A - Local Evidence. Figure for AHO based on HENA methodology that the HENA authors acknowledged wasn't without major caveats - see first points made – this results in an over exaggeration of need for AHO need.

B Local Evidence – with reference to the SE Coalville SUE the HNA report states “In addition, due to this being an urban extension and not a development specifically linked to Ellistown & Battleflat, it is likely that this will be meeting the needs of households across the entire district and affordable homes may not be prioritised for people living in the parish specifically. “ As indicated above, NWLDC adopted Allocation Policy prioritises by need not local connection – all major sites are expected to meet district need unless provided as Rural Exception Sites (LP Policy H5)

C – Govt Policy – no longer applies replaced by NPPF 2024

E – FH policy - no longer applies replaced by NPPF 2024

Page 82 AH Definition should be changed to NPPF 2024 definition to reflect national Policy

Affordable Housing (NPPF Definition) Housing for 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 for Social Rent or Affordable Rent, 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) 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. c) 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 (at a price equivalent to at least 20% below local market value) 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.

First Homes First Homes is another form of discounted market housing which will provide a discount of at least 30% on the price of new homes, introduced in 2021. These homes are available to first time buyers as a priority but other households will be eligible depending on agreed criteria. **New developments will be required to provide 25% of Affordable Housing as First Homes.** A more detailed explanation of First Homes and its implications is provided in the main body of the HNA. **Highlighted no longer applies see NPPF 2024**