

## Matter 6: Affordable Housing

### Questions 6.3 and 6.9: Policy H2 – Affordable Housing

#### Question 6.3 – Is Policy H2 justified and consistent with national policy?

- 1.1 This matter statement has been prepared by Tetlow King Planning Ltd. on behalf of Rentplus, the provider of innovative rent to buy affordable housing. This statement addresses the question of whether **Policy H2** is sound in its current form in relation to the rigid mix of affordable housing tenures proposed.
- 1.2 The NPPF, both 2012 and 2018 versions, require LPAs to positively seek opportunities to meet the development needs of their area, with policies that are clearly written and unambiguous “*so it is evident how a decision maker should react to development proposals*” (para. 16d, NPPF, 2018). LPAs are also encouraged to seek to deliver a wide range of high quality homes, to widen opportunities for home ownership and to create mixed and balanced communities.
- 1.3 To deliver mixed and balanced communities policies must take account of the wide variety of housing needs in each market area, as well as the constraints on the delivery of affordable housing which includes significant funding constraints on housing associations, and uncertainty arising from Brexit.
- 1.4 Rent to buy offers certainty of tenure at a time when there is considerable need for affordable housing for rent and when too few households in work can afford to save for the mortgage deposit required to access open market or affordable housing for sale. With a period of affordable rent of up to twenty years (previous representation appended to this Statement for reference), rent to buy offers local planning authorities further choice of rented tenures for households on the local waiting list. Purchase of a Rentplus home after 5, 10, 15 or 20 years is possible with the period of rent capped at local housing allowance (LHA) and a gifted 10% deposit.
- 1.5 This offers real choice and opportunity for many who would otherwise remain stuck in private rented accommodation or in another affordable tenure which could instead be freed up to households in greater need, as demonstrated by Rentplus developments elsewhere in England. One Rentplus scheme was 30% filled by households moving from other affordable homes, with a scheme total of 60% of households being drawn from the housing waiting list. On another scheme 50% of the new occupiers came from existing affordable housing in the district, releasing those homes for households in greater need.
- 1.6 For the Local Plan to achieve delivery of mixed and balanced communities it is important to allow for a fuller range of affordable housing tenures without rigid adherence to a specific mix policy. This too often restricts developers and local authorities in enabling development to come forward that would otherwise rebalance local housing stock and offer real choice to meet housing needs. While the use of a housing mix policy such as that set out in Policy H2 provides certainty, it fails to reflect the need for flexibility as required by the NPPF (paragraph 14, 2012).

- 1.7 The proposed modification number 34 does not improve this criterion of the policy sufficiently to enable delivery of the broader affordable housing tenures now allowed for by the revised NPPF (2018). For the policy to be capable of practical use in the longer term and therefore effective, it must enable the delivery over the whole plan period of a range of tenures, in line with the updated NPPF definition, to meet identified needs.
- 1.8 It is important to acknowledge the transitional arrangements for plans already under examination as set out in Annex 1 of the revised NPPF. Whilst this plan is to be assessed against the 2012 Framework it is important for the Council and for this examination to ensure that the plan is capable of effective delivery. Any changes that may be made now to respond to those changes in the revised Framework should be made to ensure the Plan is capable of implementation, and not subject to early attack once adopted and in use alongside the NPPF as a material consideration. As the revised NPPF requires regular review of policies and updates to be made to respond to any relevant changes, further modifications to the Plan will not only facilitate better decision-making and delivery of more affordable housing, but it will also reduce the scope of future review.
- 1.9 The most relevant change in the revised NPPF is the new definition of affordable housing set out at Annex 2. This includes rent to buy under a new category of ‘other affordable routes to home ownership’, as below; this change was not a surprise, having been subject to formal national consultation on a number of occasions<sup>1</sup>.
- “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 (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.”*
- 1.10 As a long-term strategic document, we would expect the Council to ensure that **Policy H2** and its supporting text is worded flexibly to encourage a broad supply of affordable housing to come forward, responding to local needs over the whole of the plan period and not just at this single point in time.
- 1.11 The delivery of affordable housing is important for many reasons, not least its role in facilitating social mobility; as noted in the Social Housing Green Paper (August 2018)<sup>2</sup>, around two thirds of “social tenants would prefer to be home owners given a free choice”, while “high property prices

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<sup>1</sup> Proposed changes to National Planning Policy (2015); Fixing our Broken Housing Market, Housing White Paper (2017); and Draft Revised National Planning Policy Framework (2018).

<sup>2</sup> A new deal for social housing (MHCLG, August 2018)

*and rents in the private sector*” places the housing market under pressure to “*replenish the stock*” (paragraphs 144-145). With such a substantial unmet need in Hart District change is required to improve future supply and to broaden the tenure mix of homes being provided to meet the District’s diverse needs without unbalancing the overall supply of housing and undermining other planning objectives. Rent to buy homes will provide significant help in meeting the need for affordable homes, which the Affordable Housing Background Paper (HOU5) identifies is extremely challenging without substantially increasing overall housing supply.

- 1.12 The NPPF requires policies to be aspirational but realistic, including only those policies which provide decision makers with clear direction. By failing to include a flexible approach to tenure requirements across the district **Policy H2** offers no such comfort to officers, failing to strategically plan to meet the affordable housing needs of the District over the long term. The policy is ineffective in enabling development to come forward to meet specific local housing needs, placing too rigid an expectation of a 65:35 split in affordable rented and shared ownership – which itself is unnecessarily restrictive and fails to reflect the definition of affordable housing set out in the NPPF.
- 1.13 Such a rigid application of policy in our experience results in delays to the delivery of affordable housing by reducing the opportunity for developers, including Registered Providers of affordable housing, to plan to meet a range of needs - reducing supply and failing to speed up provision for real people in real housing need today.
- 1.14 **Policy H2** should be amended not to specifically refer to the new definition of affordable housing, as this is outside the scope of this examination and the evidence upon which it is based. The removal of the tenure specifics in the Local Plan will however tie it to the evidence base, while allowing officers the flexibility to respond to local housing need across the Plan period. An early review of the Plan may still be required to provide more useful guidance to developers on the types and tenures of affordable housing that will be supported in Hart District, but the below modifications (based on the modifications already set out by the Council) will provide certainty to officers that the policy will not be swiftly rendered obsolete by the NPPF (2018).
- “c) the tenure mix of the affordable housing will be 65% ~~social/affordable~~ rented and 35% ~~shared affordable home~~ ownership unless superseded by the most up to date ~~housing~~ evidence concerning local housing need”
- 1.15 These modifications effectively ensure that the Council can negotiate on affordable housing proposals for tenures including rent to buy over the Plan’s lifetime, boosting the delivery of affordable housing and meeting local aspirations for home ownership.

**Question 6.9: Paragraph 179 of the Plan refers to affordable homes being ‘restricted for use by future eligible households’. Is this justified? If so, should it be set out in Policy H2 rather than in the supporting text?**

- 1.16 The references in paragraph 179 to affordable housing being restricted for use by future eligible households or for the subsidy to be recycled for future delivery are clearly derived from the definition of affordable housing set out at Annex 2 of the NPPF. Whilst the intention behind this definition is to ensure continued supply of affordable housing over the long term, its practical effect as defined by the supporting text to Policy H2 will be to fetter all such housing, including shared ownership housing. This creates very real difficulties for providers of affordable housing by restricting lenders’ appetite to fund individual developments, as mortgage provision becomes more difficult.
- 1.17 Such a requirement also restricts housing associations’ ability to recycle housing stock where this becomes necessary to respond to local circumstances, and when used in a rigid fashion also prevents tenants from being able to staircase to full home ownership. The inability to staircase depresses interest in such housing, as potential purchasers look instead to Help to Buy products which may be less affordable and assist fewer households on the housing waiting list into truly affordable housing. This is unjustified and unhelpful. The NPPF requires *in perpetuity* restrictions on affordable housing only in relation to rural exception sites, which is not the aim of **Policy H2**. This element of the supporting text should be removed.

**Conclusions**

- 1.18 The tenure mix element of this policy as currently drafted will not be effective in the short term, failing to reflect the national definition of affordable housing as set out in either the NPPF 2012 or the revised Framework. The effect of this is to reduce the opportunity of developers to meet local housing needs with a variety of affordable housing. The minor modifications set out at paragraph 1.14 of this Statement will help to remedy the negative effect of **Policy H2** by encouraging developments to come forward with a wider range of affordable housing tenures, whilst retaining the proposed mix of rented and ownership tenures. This will allow the policy to be effective in the long term, and thus sound.

Prepared by Tetlow King Planning Ltd.

24 October 2018

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**APPEND REP. 0715-190 TO THIS MATTER STATEMENT PLEASE**



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Date: 23 March 2018

Our Ref: MR M15/0715-190

By email only:  
[planningpolicy@hart.gov.uk](mailto:planningpolicy@hart.gov.uk)

Dear Sir / Madam

**RE: HART LOCAL PLAN – STRATEGY AND SITES 2016-2032 PROPOSED SUBMISSION  
VERSION FEBRUARY 2018**

We represent **Rentplus UK Ltd**, an innovative company providing affordable rent to buy housing for working people aspiring to home ownership with an accessible route to achieve their dream through the rent - save - own model.

The Rentplus model addresses the primary barrier to home ownership – the lack of a mortgage deposit – through a combination of a secure rented period at an affordable rent (whichever is the lower of 80% of open market rent, including any service charge, or Local Housing Allowance), giving time to save, and a 10% gifted deposit to enable tenants to buy their own home in 5, 10, 15 or 20 years. In this way it extends the opportunity of home ownership to families who are otherwise unable to afford it and to do so within a timeframe to suit their circumstances.

The model has been recognised within the draft proposed changes to the National Planning Policy Framework, consultation on which opened on 5 March. The draft changes set out the Government's commitment to supporting people in saving for a deposit while paying a below-market rent; this is intended to help many more working households into home ownership. Part (d) of the proposed definition of affordable housing is set out below:

- 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.

A substantial level of funding set aside for the delivery of affordable housing through Homes England (formerly Homes and Communities Agency) was recently returned to Treasury, unspent; negotiation on planning application requirements, planning obligations and discharge of planning conditions are key constraints on the speed of the planning system in building out consented schemes. The Council should look to follow the course set by national policy by ensuring its housing policies include provision for rent to buy housing as part of the affordable housing mix.

### Affordable Housing

**Paragraph 179** should be amended to reflect the wider definition of affordable housing set out in the changes to the NPPF currently subject to consultation, and as set out above now including 'other affordable routes to home ownership'.

The reference in the same paragraph to homes being restricted for use by future eligible households should be removed as neither the current nor the proposed definition of affordable housing as set out in Annex 2 (the Glossary) require **all** affordable housing to be restricted thus. *In perpetuity* restrictions are only required by national policy for affordable homes delivered on rural exception sites; such a

restriction is appropriate in that circumstance, but elsewhere this unnecessarily restricts Registered Providers from using those homes as needs require. This reference should be removed entirely as the new definition sets requirements for individual tenure types, recognising the varying funding streams for affordable housing and the way in which those tenures are delivered.

### **Policy H2 Affordable Housing**

In relation to distributing affordable housing throughout a mixed tenure scheme, a pragmatic approach should be taken by the Council, allowing for clusters of affordable housing where this will enable affordable housing to be brought forward early and appropriate management of those homes.

The Government's proposed changes to the NPPF include requiring 10% of major development sites to be delivered as affordable home ownership tenures, so the Council should also take a pragmatic approach to the tenure mix on sites, taking into account site-specific factors, local housing stock, scheme viability and the need to balance housing needs. Part (c) of the policy should be amended to take a more flexible approach to tenure mix – the below text may be more appropriate:

- c) the starting point for determining tenure mix of the affordable housing will be 65% social/affordable rented and 35% shared ownership unless superseded by the most up to date housing evidence and site-specific circumstances;

We note the caveat at **paragraph 180** that the Council will apply the latest definition of affordable housing, but as set out in our previous comments, now is an appropriate time to amend the policy and its supporting text to ensure it can be found sound at examination. Without the proposed changes it is considered that the policy does not comply with the emerging national policy position, nor will it be effective over the lifetime of the Plan in delivering affordable housing across the district.

The wording in **paragraph 181** should be more clearly reflected, as recommended above, in **Policy H2**.

The Government's proposed changes to the NPPF include 'entry level exception sites' which allow for the delivery of tenures that offer affordable routes to home ownership, starter homes, and affordable homes to rent alongside some market housing. It may be appropriate for **Policy H3** to be amended to reflect this policy to ensure continued compliance with national policy.

It is not appropriate for this policy to restrict the tenure of affordable housing delivered on rural exception sites to 'subsidised rent' only as rural exception schemes can equally deliver affordable housing of another tenure. This reference should be removed to ensure it is consistent with national policy, and effective in meeting housing needs across the district.

We would like to be notified when the Local Plan has been submitted for Examination and all stages thereafter, by email only to [consultation@tetlow-king.co.uk](mailto:consultation@tetlow-king.co.uk). Please ensure that **Rentplus** is retained on the consultation database, with **Tetlow King Planning** listed as their agents.

Yours faithfully



**MEGHAN ROSSITER BSc (Hons.) MSc MRTPI**  
**PRINCIPAL PLANNER**  
For and On Behalf Of  
TETLOW KING PLANNING

**Enc.:** Representation Forms A and B

**Cc:** Sue Coulson and Anthony Eke, Rentplus