

## RIBBLE VALLEY BOROUGH COUNCIL REPORT TO HEALTH AND HOUSING COMMITTEE

Agenda Item No.

meeting date: 21 JANUARY 2010  
title: CONSULTATION PAPER ON ENCOURAGING LANDLORDS TO  
RELEASE LAND FOR AFFORDABLE HOUSING  
submitted by: CHIEF EXECUTIVE  
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### 1 PURPOSE

- 1.1 To inform Committee of the consultation paper which sets out draft guidance to encourage landowners to bring forward sites for affordable housing.
- 1.2 To inform Committee of the Council's response to the guidance.
- 1.3 Relevance to the Council's ambitions and priorities
  - Council Ambitions – to meet the identified housing needs in the borough.
  - Community Objectives – housing.
  - Corporate Priorities – housing.
  - Other Considerations – none.

### 2 BACKGROUND

- 2.1 The government's 2007 Housing Green Paper 'Homes for the Future – More Affordable, More Sustainable', recognises the challenge for local delivery bodies to engage with rural people and communities to better identify rural affordable housing needs. There are clear issues of affordability in rural areas where in 2008 the ratio of house price to income was 7.4 or above compared to 5.5 in urban areas.
- 2.2 Matthew Taylor was invited to produce a report on rural affordable housing entitled 'Living Working Countryside'. The report sets out the clear need to delivery of affordable housing and one of the blockages to this was provision of land. The conclusion was that allowing rural exception sites to be used for market housing could be counter productive. However, as part of a series of recommendations, two of these would encourage landowners to bring forward land for rural affordable housing. These are

Recommendation 1 – the government and Homes and Communities Agency should explore more options to bring forward significantly more affordable homes to meet local needs through schemes which allow landowners to nominate someone such as a family member or employee, to meet the local connections and housing need criteria providing the property is subject to the same Section 106 criteria, as developments of other affordable homes, to be affordable in perpetuity to meet local needs.

Recommendation 2 – the government and the Homes and Communities Agency should look at how schemes in which landowners retain some interest/income can be part of a range of solutions to secure increased release of land.

- 2.3 It is vital that landowners and communities understand the need for affordable housing for local people and the vital role it would play in sustaining their community locally, as community appreciation and support is important for the long term success of any scheme.
- 2.4 There are a number of vehicles for communities to express their views and their future such as sustainable community strategy, the development framework, parish plans and housing strategies. At Parish level evidence needed for the housing market assessment and local needs surveys, are powerful ways to demonstrate the need for affordable housing that already exist. The local authority housing register and increasingly evidence obtained through operation of choice based letting schemes are also being used as evidence.
- 2.5 Local authorities should take the lead in addressing the issue of communities housing needs and working closely with their local community, perhaps through their strategic housing land availability assessment and rurally appropriate economic viability assessment. This, coupled with working closely with landowners to identify appropriate sites is vital to delivering affordable housing where it is needed.

#### **Proposal for encouraging landowners to bring forward additional land**

The consultation sets out draft guidance on how local authorities can, working closely with housing associations and communities, encourage landowners to bring forward additional land for affordable housing by offering referral rights to the tenancy of a percentage of the properties, and/or the right to retain an interest in the land.

The draft guidance has been developed by practitioners working group, which was established to examine the two recommendations, made by Matthew Taylor in his report to the government. The key proposals include:

- landowners being allowed to nominate family Members or employees through a referral system for a percentage of the affordable homes provided on their land, where the properties are funded by the Homes and Communities Agency or funded solely by a housing association;
- landowners potentially having full referral rights where they also fund the delivery of housing on their own land provided that the houses remain affordable in perpetuity;
- all family Members or employees referred would have to meet the housing needs criteria and local connection tests;
- the referral system would be run by the managing housing association with published criteria to ensure transparency. The remaining properties would be allocated through the housing association's standard allocation policy; and
- the landowner would be able to retain the freehold interest in the land. Affordable housing would be provided on the land and the housing association would either pay a one off upfront payment for lease, or an annual ground rent charge.

These proposals would apply to rural exception sites as defined in PPS3 housing.

## **Consultation Questions**

1. Is it helpful to have a guide to the maximum proportion of homes provided through this route. Is 33% an appropriate level?
  - Where funding has been provided through a grant, the proposed guidelines of 33% nomination rights for the landowner are an appropriate amount. There would be access to the housing waiting list for the employees who may not secure a property via the landlord's nominations and it is possible that they be nominated by the housing association. The Section 106 Agreement would also include a limited timeframe to make a nomination so should either nominee not be in a position to provide an approved person, then the other nominee would be asked to facilitate on that occasion.
2. Are 100% referrals appropriate for landowners who fund the development as well as provide the land?
  - Providing the allocations to approved households meeting local connection and eligibility can be monitored and enforced through the Section 106 Agreement, offering 100% referrals to landowners would be supported.
3. Is it appropriate for local authorities to cede control of the nominations to landowners or housing associations, provided housing need and local connection criteria are being met?
  - Would recommend that the local authority remain in control of nominations/monitoring nominations in rural areas, as there is often no RSL or housing association presence in the borough and therefore would be difficult for the RSL to monitor the scheme or for objections regarding the scheme to be dealt with.
4. Do you consider the draft guidance strikes the right balance between local connection and housing need in setting out how landlord referrals should be handled, including the cascade mechanism.
  - Yes, providing the household can demonstrate both local connection and housing needs for the landlords referrals. Introducing the cascade mechanism ensures no property remains empty and that the agreed percentage is maintained.
5. Although the draft guidance recommends that the referrals mechanism should be subject to the requirements of the Section 106 Agreement, do you consider that any other controls or monitoring procedures should be put in place to ensure transparency and fairness?
  - Nominations that go through the RSL would be allocated via the choice based lettings procedure, which ensures transparency. Would recommend that where the nomination is from the landlord, that the Section 106 requires a landowner to evidence how the nomination meets eligibility criteria in writing to the local authority. Such information would be retained to respond to enquiries.
6. Are any verification checks carried out by local authorities likely to have material resource implications for the local authority?
  - The level of development and therefore the number of verification checks is unlikely to result in a significant resource implication.

7. Should the landowner be entitled to a referral to the next property if an employee who has been given the tenancy through a referral case, ceases to be employed but remains in the original property?
  - The proportion of referrals should remain constant, ie the landowner should maintain his 33% referral right. However, by replacing each employee could result in the system being abused. Short term employment contracts or seasonal work could provide the employer with an unfair proportion of referral rights.
8. Should such rights be personal to the landowner or should these rest with the land and be passed with the land if the landowner decides to sell?
  - Agree that the right should rest with the land as with Section 106 Agreements, without any connection to land and the location makes referrals from the landowner not relevant.
9. Should the landowner referral rights be restricted to homes provided for rent or should they also be available for low cost homeownership sale?
  - Referrals should be available for both tenure types to encourage mixed tenure developments to landowners.
10. What should the Section 106 Agreement incorporate? Should it, as well as eligibility criteria detail the mechanism by which homes are allocated, for example how allocations should be prioritised.
  - It is important that the Section 106 provides clarity and transparency for future authorities monitoring the process and therefore it is appropriate that the detail mechanisms by which the homes are allocated is included.

### 3 RISK ASSESSMENT

#### 3.1 The approval of this report may have the following implications

- Resources – explaining this change in policy to landowners and making them aware of this option. Monitoring and agreeing Section 106 Agreements for these potential sites.
- Technical, Environmental and Legal – agreeing the details of the Section 106 Agreements for rural sites brought forward due to this change in policy.
- Political – the policy change will potentially result in an increase in rural affordable housing delivery.
- Reputation – none.

### 4 RECOMMENDED THAT COMMITTEE

- 5.1 Note the contents of the report and approve the consultation responses as set out as 1-10 responses.

CHIEF EXECUTIVE

## BACKGROUND PAPERS

- 1 Guidance for Local Authorities on Incentivising landowners to bring forward additional land for affordable housing on rural exception sites. Available on CLG website.

For further information please ask for Rachael Stott, extension 4567.

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