



<b>Subject:</b>	Definition of Affordable Housing Consultation
<b>Date:</b>	13 <sup>th</sup> August 2019
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<b>Restricted Reports</b>	
<b>Is this report restricted?</b>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>If Yes, when will the report become unrestricted?</b>	
After Committee Decision	<input type="checkbox"/>
After Council Decision	<input type="checkbox"/>
Some time in the future	<input type="checkbox"/>
Never	<input type="checkbox"/>

<b>Call-in</b>	
<b>Is the decision eligible for Call-in?</b>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

<b>1.0</b>	<b>Purpose of Report or Summary of Main Issues</b>
1.1	On 24 June 2019, the Department for Communities (DfC) launched a public consultation on proposed changes to the definition of Affordable Housing. The current definition, which is set out in the Strategic Planning Policy Statement (SPPS) for Northern Ireland, sets the regional policy framework within which new local planning policies for affordable housing in the Local Development Plan (LDP) have been developed.
1.2	This paper provides a brief overview of the proposed changes outlined within the consultation document and a summary of the draft response to be submitted by the Council.
<b>2.0</b>	<b>Recommendations</b>
2.1	It is recommended that the Committee: <ul style="list-style-type: none"><li>Approve the draft Council Response (Appendix 1) to Definition of Affordable Housing Consultation for submission to DfC in advance of the consultation deadline on 13 September.</li></ul>

<b>3.0</b>	<b>Background</b>
3.1	The Department for Communities (DfC) launched a public consultation on proposed changes to the definition of Affordable Housing on 24 June 2019. The move is aimed at improving access to suitable housing and therefore contributing to reducing housing stress.
3.2	The current definition of affordable housing, which is set out within the Strategic Planning Policy Statement (SPPS) for Northern Ireland, sets the regional policy framework within which new local planning policies for affordable housing in the Local Development Plan (LDP) have been developed. It was drafted to reflect the affordable housing products available at the time of its development, namely social housing and intermediate (shared ownership) housing.
3.3	However, the overall policy and funding environment has moved on somewhat since the SPPS was developed and, with new LDP policies emerging across NI, DfC now consider it timely to provide a revised regional definition of affordable housing. This is aimed at broadening the range of intermediate housing products available in NI to capitalise on opportunities presented as a result of new Government funding streams, the housing association sector's desire to diversify and grow and innovative new construction methods and products from private developers. The new definition of affordable housing will not impact on access to social housing.
3.4	As part of the emerging LDP, the Council published its draft Plan Strategy for public consultation on 20 September 2018. This included a new affordable housing policy (HOU5), which built upon the existing definition of affordable housing, emphasising the recognition that the definition of intermediate housing "may change over time to incorporate other forms of housing tenure below market rates." The proposal to review the regional definition to broaden is therefore particularly welcome in the context of the emerging LDP.
<b>4.0</b>	<b>Main Issues</b>
4.1	The existing definition of affordable housing states: <i>"For the purposes of the SPPS, 'affordable housing' relates to social rented housing and intermediate housing."</i>
4.2	Social housing is then defined in relation to provision by a registered housing association and offered to households in housing need with reference to the Common Selection Scheme. The consultation paper does not propose any fundamental change to this definition in relation to social housing.
4.3	Intermediate housing was then defined within the SPPS as shared ownership housing provided through a registered housing association, although it also recognised that this reflected the only intermediate housing product available at the time, and noted that the definition of intermediate housing "may change over time to incorporate other forms of housing tenure below market rates." The Council's draft Plan Strategy sought to broaden this definition of intermediate housing, suggesting a range of alternative products that may be available in the future. This broader range of products will be important to help greater viability in the delivery of affordable housing alongside private development.
4.4	The DfC consultation paper proposes the following revised definition: <i>"Affordable housing is housing provided for sale or rent outside of the general market, for those whose needs are not met by the market. Affordable housing which is funded by Government must remain affordable or, alternatively, there must be provision for the public subsidy to be repaid or recycled in the provision of new affordable housing."</i>
4.5	The consultation then proceeds to identify a range of affordable housing models that offer examples of recognised affordable housing products in accordance with this revised

	<p>definition. These reflect the list of products identified within the the draft Belfast LDP Plan Strategy and include:</p> <ul style="list-style-type: none"> <li>• Social rented housing;</li> <li>• Shared ownership housing;</li> <li>• Rent to buy or Rent to own schemes;</li> <li>• Shared equity schemes;</li> <li>• Discount market sales housing;</li> <li>• Affordable rent products; and</li> <li>• Low cost housing without subsidy.</li> </ul>
4.6	<p>In summary, the response welcomes the proposed changes, but emphasises the importance of social housing remaining unchanged in terms of definition, continuing to be provided by registered housing associations in accordance with an agreed allocation process. It welcomes the change to allow the private sector to deliver other intermediate housing products where appropriate, but highlights the need to ensure this is effectively regulated /managed by the Department and /or NI Housing Executive. It also highlights the role of the Council through its planning function in relation to the delivery of affordable housing and the opportunity to continue effective joint working in relation to ‘operational level issues’ that require resolution in the short-term to ensure the effective delivery of our planning policy aspirations.</p>
4.7	<p>Members are asked to approve the full Council response to the consultation attached at Appendix 1.</p>
4.8	<p><u>Finance and Resource Implications</u> There are no resource implications associated with this report.</p>
4.9	<p><u>Equality or Good Relations Implications</u> There are no equality or good relations implications arising from this report.</p>
<b>5.0</b>	<b>Appendices</b>
	<b>Appendix 1 – Draft Council Response to Definition of Affordable Housing Consultation</b>

## **Appendix 1 - Definition of Affordable Housing Consultation**

### **Draft Belfast City Council response to the “Definition of Affordable Housing” Consultation Paper issued by the Department for Communities (DfC) on 24 June 2019**

The Council welcomes the opportunity to comment on the Department’s proposals to revise the definition of affordable housing. As noted within the consultation document, the Council and DfC have worked closely together as the Council has developed its new Local Development Plan (LDP), particularly policies relating to affordable housing. The Council look forward to continuation of this strong partnership working following this consultation given that there are a number of ‘operational issues’ that will need to be resolved to achieve the shared objectives of the draft Programme for Government (dPFG), Belfast’s community plan, the Belfast Agenda, and the Council’s emerging LDP.

The Belfast Agenda seeks to “encourage more affordable housing (and agree a city target for affordable housing)” with the subsequent action to “develop, and consult on, planning policies (as part of the Belfast Local Development Plan development process) to support the delivery of affordable housing”. The proposal to update the definition will therefore support this by providing greater flexibility in the provision of affordable housing and by developing a broader range of intermediate housing products. The proposed broadening of the definition will also support the delivery of other Belfast Agenda commitments, in particular:

- Increase the tenure mix/supply of mixed tenure housing in the city centre;
- Grow the population in the city centre; and
- Address the housing needs of older and vulnerable residents.

The Council therefore welcome the revisions proposed, which broadly align with the policy approach the Council has already set out within our draft Plan Strategy (dPS) and the Belfast Agenda. With this context in mind, we have sought to provide feedback in relation to the consultation questions posed throughout the consultation document.

#### **Q1. Do you think the current definition of affordable housing needs amended?**

Yes, the definition of affordable housing should be reviewed to allow for a broader range of intermediate housing products in NI.

However, as recognised within the consultation paper, the existing definition of social housing is considered fit for purpose and as such does not need to be amended through the revised definition. As part of our recent consultation on the draft affordable housing policy (HOU5) within the Belfast dPS, a number of respondents raised concerns that the social rented housing provision could be diluted through a broader focus on ‘affordable’ housing. To alleviate this concern, there may therefore be merit in stating explicitly that the definition of social housing is unaffected.

The current definition, as set out in the Strategic Planning Policy Statement (SPPS), achieves this by distinguishing firstly between social and intermediate housing as distinct sectors within a broader ‘affordable’ housing definition. There may therefore be some benefit in retaining this approach though the revised definition, with revisions to the broader definition of affordable housing only focussing upon the broader range of intermediate housing products.

## **Q2. Do you agree with the overarching principles and objectives which have been identified?**

Yes, the Council welcome the overarching principles and proposed objectives, particularly the need “to provide a framework for how government and housing providers think about and deliver affordable housing” and “to provide clarity for the planning system”. These are particularly important given the current context of councils developing new local affordable housing policies as part of emerging LDPs.

The need “to improve the range of affordable housing options” is also of importance and could maybe be strengthened through explicit recognition of broader affordability challenges within the private rented sector, which is not currently addressed by any of the affordable housing products available in NI.

## **Q3. Do you agree with the proposed revised definition?**

As noted above, the Council welcome the proposed new definition for affordable housing, which broadly aligns with the Council’s own approach to future planning policy as set out in Policy HOU5 of our dPS. This highlights the scope within the existing definition that “intermediate housing used for the purpose of this policy may change over time to incorporate other forms of housing tenure below open market rate”.

The Council particularly welcome recognition – through omission from the revised definition – that intermediate housing need not always be provided by a Registered Housing Association (RHA). The Council view this change as extremely important in enabling broader intermediate housing products to be delivered by the private sector as part of mixed tenure development, which will be essential to increasing the overall supply of affordable housing locally. Research completed recently for the Council by Colliers International<sup>1</sup> notes that the funding models associated with the Build to Rent (BTR) sector will render existing affordable housing products undeliverable within this context. The recognition of the linkage between an affordable rent product and BTR in Chapter 7 is therefore particularly welcome.

Notwithstanding the above, the Council do not believe that it would be appropriate for social housing to be managed through the private sector, given the need for consistency in the allocation process, which is currently secured through the Common Waiting List and regulation of RHAs. This again may provide some justification for the revised definition to draw an explicit distinction between social housing and other intermediate affordable housing products. Alongside this, the Council note that it may be appropriate to future proof the definition of social housing by broadening the reference to an agreed allocation process rather than ‘Common Waiting List’.

## **Q4. Are there other products that we should consider for inclusion as examples of affordable housing?**

The Council welcome the range of affordable housing products highlighted within the consultation paper. These align closely with the work of Colliers International<sup>1</sup>, which highlights a number of affordable housing products available in other jurisdictions that could be considered in the NI context. We would encourage the Department to consider the recommendation of Colliers’ work when evaluating the available products and funding mechanisms to ensure the products developed are appropriate to the Belfast (and NI) context. For example, the work highlights the need to differentiate the current co-ownership model for the Belfast City Centre market, given that the eligibility criteria relating to property size and or unit purchase price renders the existing product unsuitable for this context (see Recommendation 7 of Colliers’ report).

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<sup>1</sup> See: ‘Report to Belfast City Council’s Development Planning and Policy Unit to consider the impact of its proposed housing policies (as set out in the Belfast Local Development Plan draft Plan Strategy) on the residential property market located within the planning area’, April 2019, Colliers International. Available from: <https://minutes3.belfastcity.gov.uk/documents/s77867/Colliers%20Market%20Impact%20Report%20-%20Final.pdf>

As a note of caution, the Council would highlight the need to carefully consider mechanisms to monitor and regulate intermediate affordable housing products delivered, to ensure that the actual products delivered meet the objectives for affordable housing. There is a risk that the implementation of new affordable housing, particularly through the private sector, could be left to local councils to 'regulate' as part of the monitoring of s76 Planning Agreements.

Given that the councils do not have any explicit statutory function relating to affordable housing, it may be more appropriate for the Department and/or the NI Housing Executive (NIHE) to consider some form of accreditation of new products to verify that the products delivered continue to meet the agreed definition. This will be particularly important in relation to eligibility for products in the light of the expectation that new products could "ultimately reduce pressure on social housing", as well as the sale price/rental price for such products and the recycling of any public investment.

**Q5. Do you agree with our proposed definition of low cost housing without subsidy? and**

**Q6. Do you consider that low cost housing without subsidy should be included in a new definition of affordable housing?**

Whilst the Council have no objection to the inclusion of or definition of low cost housing without subsidy, it will be important that this does not result in sub-standard accommodation, in terms of size or design quality, in order to achieve a lower price. It is also the Council's view that this should not become the norm in terms of affordable housing delivery by the private sector, but should rather be reserved as a last resort where it can be demonstrated that other forms of affordable housing product are unviable.

**Q7. What are your views on retaining affordable homes?**

The Council are of the view that affordable housing products should remain affordable in perpetuity wherever possible. Where this cannot be achieved, any public subsidy to develop affordable housing should be recycled into the delivery of replacement affordable products. This was reflected in the Council's response to the consultation on the future of the House Sales Scheme in NI; a scheme which in effect results in the loss of affordable housing stock without a direct recycling of funding. However, as noted above, this cannot be left for local councils to secure this via s76 Planning Agreements.

**Q8. Are these the right target groups or are there other groups we should consider?**

The Council agree with the target groups identified within Chapter 8 of the consultation document. However, we would also highlight the fact that circumstances of any particular individual may mean an intermediate housing product could provide the best means of meeting their housing needs. The eligibility criteria for individual products should therefore enable any such individuals to access products if appropriate, even where they fall outside of these specific target groups.

**Q9. Do you have any other comments?**

The consultation paper stresses in Chapter 5 the importance of complementarity between councils and the Department in relation to the provision of affordable housing, particularly given the councils' planning functions. The Council welcome this recognition and would welcome the opportunity for further joint working with the Department in considering "operational issues" at a later stage.

However, the Council would emphasise the need to consider these delivery issues sooner rather than later, as the establishment of delivery mechanisms will be key to ensuring that local affordable housing policies are deliverable. Paragraph 7.10 of the consultation refers to the retention of affordable housing being “underpinned by appropriate planning conditions”, but there is no mention of s76 Planning Agreements, which may be a more appropriate mechanism to secure such requirements. As noted above, the Council cannot be left to monitor the delivery of affordable housing products via its planning function given that it has no direct statutory responsibility for affordable housing provision.