

WAVERLEY BOROUGH COUNCIL

EXECUTIVE

6 SEPTEMBER 2022

Title:

Affordable Homes Supplementary Planning Document Update-
To approve document for public consultation

Portfolio Holders: Cllr Nick Palmer

Co-Portfolio Holder for Housing (Delivery)

Cllr Paul Rivers

Co-Portfolio Holder for Housing (Operations)

Cllr Liz Townsend

Portfolio Holder for Planning and Economic Development

Head of Service: Andrew Smith

Head of Housing Strategy and Communities

Key decision: Yes

Access: Public / Exempt / Part Exempt

1. Purpose and summary

Officers are seeking Executive approval for the draft Affordable Housing Supplementary Planning Document Update to be published for public consultation between September and October 2022

2. Recommendation

It is recommended that the Executive approves the draft Affordable Housing Supplementary Planning Document Update to be published for public consultation between midday 19.09.22 - midday 31.10.22.

3. **Reason for the recommendation**

To have an updated Affordable Homes Supplementary Planning Document Update which will be a significant material consideration in the determination of planning applications and appeals. It will support a transparent and efficient planning process and will ensure consistent and fair decision making.

4. **Background**

4.1 The Waverley Borough Council [Local Plan Part 1](#); Strategic Policies and Sites (LPP1) was adopted by the Council on 20 February 2018. LPP1 requires us to have an Affordable Housing SPD to include details on the approach to calculating financial contributions; up to date information on the type and size of affordable housing required; the cascade mechanism to be applied to cases where viability is an issue; other matters of detail interpretation/ application of the policies.

4.2 The current Affordable Housing SPD was adopted in April 2021. Its purpose is to provide clarity to developers, affordable housing providers, Development Management officers, stakeholders and local residents on our affordable housing requirements.

4.3 An update is now required to take into account changes in national policy and to reflect the commitment to lower rents in our adopted Affordable Homes Delivery Strategy (April 2022) set out below:

➤ **Social Rent**

The need to prioritise building housing for social rent is highlighted, in line with our [Affordable Homes Delivery Strategy](#)¹. Social rents are the lowest rent of all, set at an equivalent to around 55% of market rent, for our lowest income households.

➤ **Affordable Rent Cap**

¹ Affordable Homes Delivery Strategy; Build More, Build Better, Build for Life (2022) Waverley Borough Council

If social rents are unviable, we will require a cap of 70% of market rents on 1 and 2 beds and of 65% on 3 and 4 beds, in line with supporting evidence on need from the Affordability Study² and viability from the Three Dragons³ study.

➤ First Homes

The update reflects the national First Homes requirements which were introduced since the Supplementary Planning Document was originally published and sets out how the policy is applied locally.

➤ Viability

The requirement for all applications seeking to amend or reduce the affordable housing requirement to go to committee is included in this update, in line with the Affordable Homes Delivery Strategy.

➤ Locally affordable homes

Councillors have been keen to ensure that homes are affordable, in relation to local incomes. This is reflected in the affordability measures such as the priority for social rents and the recommended rental caps.

➤ Evidence

Policy ANH1 of the Waverley Local Plan Part 1 states that ‘the mix of dwelling types, sizes and tenure split should reflect the type of housing identified as being required in the most up-to date evidence of housing needs’. The following studies were completed in 2021 and provide an update to our evidence base, as is reflected in the recommendations for the mix of new provision:

- (a) [The Waverley Housing Affordability Study \(Justin Gardner Consulting / Iceni\)](#) considers affordability for the end user
- (b) [The First Homes Viability Update \(Three Dragons\)](#) considers the viability of delivering affordable housing to the developer, taking into account national First Homes requirements and a cap on affordable rents

² Waverley Housing Affordability Study (2021) Justin Gardner Consulting/ Iceni

³ The First Homes Viability Update (2021) Three Dragons

5. Proposed Changes

- 5.1 Proposed changes to the Affordable Housing Supplementary Planning Document are summarised in the table below and highlighted in the document:

PROPOSED CHANGE TO THE AH SPD	PARA	PAGE
References to 2020-25 Corporate Strategy, Carbon Neutrality Action Plan and Climate Emergency Action Plan and draft Climate Change Supplementary Planning Document	NA	3
Evidence	17	11
Specific reference has now been made to the Council's priority to provide social rents for lower income households	58	27
Councillors' commitment to locally affordable homes which are affordable in relation to local incomes	58	27
Inclusion of affordable rent cap to protect affordability	58	27
Details of how First Homes policy will be applied	70	29
Reference to numbers in a cluster removed	76	30
Applications amending or reducing affordable housing to go to committee	85	33

6. Relationship to the Corporate Strategy and Service Plan

- 6.1 The Affordable Housing Supplementary Planning Document Update supports the Corporate Strategy 2020-25 strategic priority *Good quality housing for all income levels and age groups*, by *“delivering Waverley’s new Housing Strategy to ensure homes are the right homes in the right places and that they are truly affordable for those who need them”*.
- 6.2 The Supplementary Planning Document contributes to Outcome 7 of the Housing Delivery and Communities Service Plan: *Deliver new affordable homes: increase delivery of well-designed, well-built affordable housing*.

7. Implications of decision

7.1 Resource (Finance, procurement, staffing, IT)

The consultation will be carried out using existing staff resources and existing IT.

7.2 Risk management

The Affordable Housing SPD Update recommends implementing rental caps of 70% on one and two bedroom properties and 65% on three and four beds, which the First Homes Viability Update (Three Dragons) demonstrated to be viable. This would give officers more influence to secure affordability during negotiations. Rental caps will have an impact on the viability of developments and the tenure mix of homes that can be provided through Waverley's own housing developments, as it will for other affordable housing providers and commits the Council to leading by example on its own sites.

7.3 Legal

Barry Devlin, Planning Solicitor: comments on SPD:

There are no direct legal implications associated with this report. The Affordable Housing Supplementary Planning Document Update will underpin the Council's delivery of its statutory and national policy requirements as an affordable housing provider, together with the other key functions of the Housing Delivery and Communities Service.

7.4 Equality, diversity and inclusion

Delivery of new affordable housing actively promotes equality, reduces economic and social disparities and helps to ensure an adequate standard of living for all, regardless of income or background. We know that women and those from BAME groups are more likely to access affordable and social rented housing in Waverley. The Affordable Homes Supplementary Planning Document Update document will meet accessibility standards.

7.5 Climate emergency declaration

Full details of our commitment to sustainability and developing affordable homes which are both built sustainably and enable residents to live in a more environmentally sustainable way, now and for years to come, are set out in our Climate Change and

Sustainability Supplementary Planning Document. Readers are signposted to this document on page 3 of the Affordable Housing SPD Update.

8. Consultation and engagement

- 8.1 Approval is sought to publish the draft Affordable Housing Supplementary Planning Document Update for a public consultation from midday on 19.09.22 until midday 31.10.22.
- 8.2 The consultation will be publicised through the Council's website and social media platforms; the Economic Development Team's Business e-newsletter; Member Bulletin; through the Council's Affordable Housing Provider Forum and circulated with private developers and our Town and Parish Councils. Services Overview & Scrutiny Committee will be consulted as part of the consultation.
- 8.3 The consultation will be carried out via Inovem, the Council's planning consultation portal. A consultation survey has also been developed to collect views on the strategy and hosted on Microsoft Forms, with hard copies available on request; <https://forms.office.com/r/FTgDV88yN1> . Copies of the SPD will be available for inspection of the Council website and hard copies available on request.
- 8.4 This document will help all parties involved with the provision of new affordable housing, such as the Council, landowners, developers and registered providers. The consultation is open to anyone but is aimed at those who will use the SPD to inform the planning applications they submit to the Council, therefore contains quite technical advice and guidance.
- 8.5 Responses will be received by the Housing Strategy and Enabling Team for processing. Officers will review each response and incorporate into a consultation statement, before returning the amended document to Executive for recommendation to the Council to adopt.

9. Other options considered

- 9.1 The current Affordable Housing Supplementary Planning Document does not reflect the current aspirations of our Affordable Homes Delivery Strategy, Corporate Strategy Climate Emergency Declaration or changes to national policy.
- 9.2 Maintaining current Affordable Rent levels i.e. 80% rents, capped at Local Housing Allowance (LHA) – has its own risks. New rented units set at this level do not help working households on low incomes and creates a disincentive for tenants currently receiving LHA to seek employment. If all households moving into new build affordable rents at 80% are in receipt of LHA, this makes the new community less of a mix of household types and less sustainable.

10. Governance journey

- 10.1 The document will be amended following feedback from consultation before taken to Executive Briefing on 21 February 2023 in advance of Executive 7 March 2023, with a recommendation for Full Council to adopt on 21 March 2023.

Background Papers

1. [Affordable Homes Delivery Strategy; Build More, Build Better, Build for Life \(2022\) Waverley Borough Council](#)
2. [Waverley First Homes Viability Update \(2021\) Three Dragons](#)
3. [Waverley Housing Affordability Study \(2021\) Icen Projects/ Justin Gardner](#)

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Agreed and signed off by:

Legal Services: Barry Devlin 21.07.22

Head of Finance: 5/8/22

Strategic Director: Annie Righton at Management Board 26.07.22

Portfolio Holder: Cllr Townsend 28.07.22; to be discussed further at Executive Briefing