

COMMITTEE: North Northumberland Local Area Council

DATE: 20 January 2022

TITLE OF REPORT: Petition Response - Housing Delivery for Permanent Residents

Report of: Philip Soderquest, Head of Housing and Public Protection

Cabinet Member: Cllr Colin Horncastle, Cabinet Member for Community Services

Purpose of report

To respond to the concerns raised by the Beadnell and Seahouses Community Residents Petition received on 16th November 2021.

Recommendations

It is recommended that the content of the report and ongoing measures to support the delivery of affordable housing be noted.

Link to Corporate Plan

This report is relevant to the following priorities included in the NCC Corporate Plan 2018-2021:

How - We want to be efficient, open and work for everyone;

Living - We want you to feel safe, healthy and cared for;

Enjoying - We want you to love where you live;

Key issues

1. A recent petition received from Beadnell and Seahouses Community Housing Residents Group raised concerns in respect of the availability and affordability of affordable homes to rent and buy in the coastal areas of Northumberland.
2. It is acknowledged that not all residents are able to access, or afford to rent or buy a home, where they need to, or where they would prefer to live.
3. Prices of renting and buying a home in these coastal areas are an issue as wages are relatively low compared to ever increasing market rents and house prices.
4. Residents are faced with having to move away, to find accommodation and

employment elsewhere, so reducing the pool of local labour to support the local area and its vital tourism market.

5. The Council cannot directly affect house prices, the level of private rents, or earnings, but there are measures it has taken, and can continue to take to help ease affordability pressures and make homes more accessible to local residents.
6. The current and emerging planning policies support these measures, but it can still be difficult to secure affordable housing through private developments or secure a Registered Provider (RP) to manage properties where the schemes are small in volume and remote from their management area.

Background

On 16th November 2021 a petition of 689 signatures was received by the Council from the Beadnell and Seahouses Community Housing Residents Group. The petition states:

‘We the residents and supporters of the communities in Beadnell, Seahouses and North Sunderland urgently request the council, landowners and housing associations to take action to remedy the housing crisis in the area, provide social and affordable homes solely for permanent residents in-line with prices which reflect the wages in the area.’

‘Our community respects and embraces tourism, however due to out of area investments and the increased popularity and profits in staycations many families and residents are forced out of their homes or simply cannot afford to live in the area. This is having a negative impact not only on the community but on local businesses who are unable to access employees due to the lack of residents in the area, despite offering wages in excess of the National minimum wage or living wage.

Without urgent investment in social and true affordable housing the area is not going to be able to sustain the tourism we rely on.

We therefore request urgent action to increase the housing stock in the area which is only available to people with true links to the area and restrict the exponential increase in holiday accommodation.’

The letter accompanying the petition went on to state many issues that relate to the main petition.

Current Challenges

1. Location

The rural coastal areas present a number of challenges for the delivery and retention of affordable homes, particularly properties for rent. For Registered Providers to take affordable homes delivered through the planning system, or indeed to deliver a 100% affordable scheme, they need to ensure they can effectively manage them. A certain quantum of development is required to make this feasible, or developments need to be located in areas where they already manage stock.

Additionally, securing labour to build properties, and accessing materials in areas remote from urban centres can be challenging, while the cost of connecting services can be prohibitive. Recent feedback has suggested that development costs can be significantly higher in the North of Northumberland and less building companies are currently submitting tenders to carry out development in this area.

The result of this is that while there may be affordable housing need in some coastal and rural villages, it is difficult to bring forward schemes to meet this need, especially with increasing costs.

In addition, the need to build “life-time homes” does generate some unintended consequences whether open market or affordable. The Local Plan requires that 50% of affordable homes on new developments meet or exceed the enhanced accessibility and adaptability housing standards as set out in part M4(2) of the building regulations.

Further, in order to mitigate climate change, homes will increasingly be required to be energy efficient and carbon neutral and will be required to be built to comply with design code requirements.

2. Growth of Second and holiday home market

While the spending power of owners and occupiers of second and holiday homes can provide a financial boost to local economies, demand for such properties has increased house prices locally, in areas where incomes are relatively low and much of the work available is seasonal, such as those dependent upon the tourism industry. As well as increasing affordability pressures, a proliferation of second and holiday homes can impact on the availability of properties for people living and working locally which can in turn have a detrimental impact upon the ability of businesses and services, including those relating to health and education, to recruit and retain staff. It is likely that this situation may have been exacerbated by the Covid-19 pandemic.

The ability of the Council to control the growth of second and holiday homes through the planning system is limited. Whether a house or apartment is occupied permanently by a family, let out over part of the year, or is indeed an all year-round holiday home, legally it is a private dwelling. Therefore, when existing properties are let out, or sold as holiday homes, planning permission is not required.

However, there is scope within the planning system to restrict the use of new build homes, as second and holiday homes. The Northumberland Local Plan and The North Northumberland Coast Neighbourhood plan contain policies to do just that.

Second and holiday homes are subject to taxation through council tax or business rates. The coastal parish councils are calling on the Chancellor to end eligibility for non-domestic rates tax relief for holiday home businesses and follow the example in Wales of allowing local authorities to set Council Tax levels for second homes and Furnished Holiday Lets (FHL) in certain wards at up to 100% above the prevailing rate. They are asking for the closure of the loophole that currently allows FHL that are ‘available’ for letting for 140 or more days a year to be valued for non-domestic

rates. The loss of income to the local authority, community and parish councils is seen as highly damaging.

3. Affordability

The Council acknowledges the struggle that some residents of Northumberland, and those looking to move to the county for work, have in securing appropriate housing which they can afford to buy or rent. Residential property prices have consistently been, for a number of years, around five to six times the average earnings of those living and working in the county. While the Council cannot directly affect house prices, the level of private rents, or earnings, there are a number of measures it has taken, and can continue to take, to help ease affordability pressures and make homes more accessible to local residents.

Such measures include:

- Securing Affordable Housing through the planning system (either for rent or purchase)
- Securing Affordable Housing through targeted direct provision itself or through partner Registered Providers (RPs)
- Securing the right mix of market housing in private developments,
- Limiting the development of new second and holiday homes.

4. Right to Buy (RTB) and Right to Acquire (RTA)

Introduced by the Government in 1980 RTB enable council secure tenants to buy their council home at a substantial discount of 33% after 3 years of renting, rising to 50% if they had rented their property for 20 years. In a designated Area of Outstanding Natural Beauty or an area designated by the Secretary of State as Rural for Right to Buy purposes special rules apply. The sale will be on the condition that you may only resell it to someone who has been living or working in the area for 3 years.

RTA allows most housing association tenants to buy their home at a discount but at a much reduced rate. In 1997 these coastal parishes were classed as designated rural areas and so they are prevented from buying their rented properties. These rulings have been set by central Government legislation and cannot be changed by NCC.

Any breaches of RTB law and any loopholes being exploited should be referred to the Council Legal team.

Policy and Strategy

1. Northumberland Planning Context

When the Northumberland Local Plan (NLP) is adopted, together with the Neighbourhood plan, all applications for planning permission will be determined in accordance with the development plan. The NLP sets out policies which require a

proportion of new dwellings to be Affordable, which restrict in coastal areas, new dwellings from being built as or subsequently being used as second and holiday homes.

The North Northumberland Coast Neighbourhood plan was prepared and made by the community in 2018 and it directly addressed housing issues, including affordable housing and second homes.

Neighbourhood plans covering the parishes of Bamburgh, Beadnell, North Sunderland, Embleton, Alnmouth and Craster, include policies that restrict new dwellings to being used as principal residences. While most of these policies are new, and have not been tested through planning appeals, it is anticipated that they will ensure that new dwellings built in these areas are more accessible to local people, with prices not inflated by demand for second and holiday homes.

Since 2018, the Council has approved 14 planning applications in the 6 neighbourhood areas where principal residency policies apply. This has resulted in this restriction being applied to 105 dwellings through the planning system. Of these, 67% are either built or currently under construction so the effects should start to be seen in the volume of owner occupiers living permanently in these coastal areas so that communities remain more vibrant all year round.

2. Housing Strategy for Northumberland 2019-22

As one of its priorities, 'Growing our communities' It sets out a number of aims; to provide additional Council-owned homes and homes for rent, enable more affordable housing through community led housing, address housing affordability in rural areas, and promote housing growth in rural areas and help shape provision to meet identified need.

The newly formed Housing Delivery team is working to the following priorities:

- Ensuring we're delivering the right type of accommodation in the right locations in the right numbers.
- Ensuring delivery is by the right landlord for each area to link to management and maintenance costs.
- Focusing on providing quality and not just quantity and delivering exemplar schemes that are zero carbon and tenure blind.
- Understanding the need and appropriate scale of schemes in rural locations is paramount and look to deliver what the market requires where others are not able/willing i.e. small unit numbers.
- Understanding current provision and whether this meets both current and future need, responding to market failure and ageing population.

These priorities will soon be embedded in a Housing Delivery Strategy for Northumberland and central to this will be the understanding that the Council will work with other Registered Providers so that together the Affordable Housing needs of the county are addressed. The model of provision will vary across the county, in line with the housing market in that area, and will involve both rented and

homeownership homes being provided to enable sustainable and balanced communities to flourish.

Housing Need

The Strategic Housing Market Assessment (SHMA) provides an overview of Northumberland's housing market and Affordable housing needs. The 2018 review found that the local gaps in the housing market in this area were the absence of housing suitable for up-sizers and first time moving families in the price range £150,000 to £200,000, as well as housing suited to the needs of older people. Letting agents confirmed that some residential landlords had chosen to disinvest or diversify away from residential into the holiday market. They also described strong demand for family homes and homes suited to elderly people.

The SHMA is supported by a range of Local Housing Needs Assessments and surveys that have been carried out for various parts of the county including this coastal area.

Allocation of affordable rented housing to local people

Affordable rented housing is let via the Homefinder Choice based lettings system and in these coastal areas as well as other rural areas in the county applications will be subject to a Rural Allocations Criteria to support rural communities by awarding additional preference to applicants with a strong local connection. A close connection to the rural parish is defined as the applicant meeting one of the following criteria:

- Living in the parish continually for at least 3 years immediately prior to the date of selection for an offer.
- Been in continuous full or part-time work (excluding seasonal work) in the parish for at least the last 3 years immediately prior to the date of selection for an offer (part-time work means a minimum of 16 hours per week).
- Lived continuously in the parish for at least 3 years immediately prior to being accepted as homeless but have been placed in temporary accommodation outside of the parish for up to 2 years.
- Having parents, adult children or siblings who have lived continually in the parish for at least 3 years immediately prior to the date of selection for an offer.

NB. In the next Common Allocations review the issue of 'excluding seasonal work' can be revisited and a decision made as to whether this is in the interests of the local community to be widened.

Dialogue with major landowners and RP's

Much of the land across this coastal area is in the ownership of three land owners; Northumberland Estates, the Trustees of Lord Armstrong and Lord Crewe's Charity. The Housing Delivery Team and the Housing Enablers will be instrumental in initiating conversations regarding further opportunities for Affordable Housing.

As providers of affordable housing, RPs, such as Bernicia, Karbon and Castles & Coasts which operate in this coastal area have a great deal of intelligence about housing need, through their own lettings and development programmes. The Council works in partnership

with the RPs, to direct the appropriate type and quantity of affordable housing development to areas where it is needed. Regular liaison between the Council's Housing Enablers, the Council's Delivery team and RPs ensure this is co-ordinated. The Housing Enablers continually assimilate the information from the above sources and provide advice on Planning applications to officers and elected members.

Conclusions

As set out above, the Council and its partners, have made significant progress in delivering affordable homes, and putting policies and procedures in place to ensure that the homes are accessible and affordable for those that need them. However, it recognises that affordability is a big issue in this coastal area and that much more needs to be done. The Housing Delivery team and the Housing Enablers will work with interested parties to bring forward Affordable rented and home ownership homes that are as affordable as the scheme viability allows.

It is essential that the right types of homes are provided in the locations where they are most needed, and that lessons are learnt from what has been delivered in the past. While barriers to delivery are wide ranging, a priority for the Council's Housing delivery programme is to deliver where others cannot and where there is an evidenced need. As the findings of the Local Housing Needs Assessments that have been completed for this area do not support the need for substantial delivery of new affordable housing the answer will be to deliver the right numbers over a steady period and ensure that mixed tenure is available to meet the range of needs that exist. It will be important to watch closely the allocations of the next schemes expected to deliver and learn from them the precise demand that exists and match future provision to this.

Implications

Policy	The Petition response references a number of existing planning policies and housing strategies, but does not create new policy.
Finance and value for money	The Housing Delivery team will ensure that financial resources committed by the Council towards delivering affordable homes are directed where they will be most effective.
Legal	While reference is made to legal section 106 agreements in the position paper, there are no legal implications resulting from the report.
Procurement	No implications.
Human Resources	None
Property	No implications from the report
Equalities	No implications from the report.

(Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	However, if more affordable housing is provided where it is most needed, a positive equalities impact will be realised.
Risk Assessment	N/A
Crime & Disorder	No implications.
Customer Consideration	This report is responding to the issues raised by the local community in their petition and will provide for a positive customer outcome.
Carbon reduction	While the carbon impact of building new homes may be negative, legislative and policy requirements will mitigate these impacts. Through the Council's housing delivery programme there may be the opportunity for exemplar developments, which exceed policy requirements in relation to carbon reduction.
Health and Wellbeing	To address the concerns of the local community in this Petition response is likely to have a positive impact upon health and wellbeing.
Wards	Relevant to Bamburgh ward.

Background papers:

Northumberland Local Plan – Publication Draft Plan (Regulation 19) (January 2019)

Northumberland Local plan Regulation 19 Draft Plan showing proposed main modifications and additional changes (June 2021)

Housing Strategy for Northumberland 2019-2022

Appendices

Appendix 1 – Supporting background information

Report sign off.

Authors must ensure that officers and members have agreed the content of the report:

	Full Name of Officer
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Appendix 1 – Supporting Background Information

Types of Affordable Home Ownership

Affordable discounted home ownership products, which help get households with incomes above those which qualify for affordable or social rent into the housing market, are controlled in value by discounts secured by s106 planning obligations at initial sales and resales the different types are as follows:

- a. **Discounted Market Value (DMV)** homes are sold at prices typically 30% below local market housing values and have been delivered in Northumberland successfully over a number of years. However in the coastal areas where the housing market values are very high the affordability of the DMV product can be a problem. Affordable discounted home ownership products, which help get households with incomes above those which qualify for affordable or social rent into the housing market, are controlled in value by discounts secured by s106 planning obligations at initial sales and resales.
- b. **Shared ownership** homes can be seen as more affordable as housing providers work hard to pitch the value as low as the scheme viability allows and can even limit ownership at 80% rather than the full 100% in 'Designated Rural areas' (such as the petition area) in order to keep the product affordable. If these products are grant funded by Homes England the requirement to remain affordable in perpetuity will apply preventing them from being lost from the Affordable market once sold on. Affordable discounted home ownership products, which help get households with incomes above those which qualify for affordable or social rent into the housing market, are controlled in value by discounts secured by s106 planning obligations at initial sales and resales.
- c. **First Homes** are a new tenure of Affordable housing introduced by Government earlier this year. The First Homes initiative is aimed at delivering discounted homes for local people, especially first-time buyers, to help them get onto the housing ladder and into home ownership. These homes are to be provided at a discount rate of at least 30% below open market values, with the discount locked into the home in perpetuity for future first-time buyers. They are a similar product to DMV but are only eligible to residents who are first time buyers. New neighbourhood plan policies will be able to require a minimum 25% of affordable housing on any site to be First Homes, and if evidenced by local needs, may even be able set the discount at 40% or 50%. This higher rate of discount could prove to be very beneficial to local residents within this coastal high market value area.

Funding opportunities for Affordable Housing

Homes England (HE)

The Affordable Homes Programme 2021 - 2026 provides Government grant funding to support the capital costs of developing affordable housing for rent or sale. The aim of the funding in this round is to create a more resilient and diverse housing market. This means partners will also be expected to focus on promoting significant use of Modern Methods of Construction (MMC), high-quality sustainable design and working closely with local small

to medium-sized enterprises (SME) housebuilders. A particular priority is for HE to support the delivery of rural housing. This funding is applied for as the grant necessary per unit to bring forward the scheme. Bernicia are planning to apply for a level of HE funding for their North Sunderland scheme as will the Council to assist with the Seahouses First School site proposal.

S106 Commuted Sums

The Local Plan requires affordable housing to be provided on-site, with alternative off-site provision, or payment of a financial contribution (commuted sum) to the Council in lieu of all or part of the on-site provision being only acceptable where clearly justified. The pot of S106 'commuted sum' monies are available to support the delivery of affordable housing elsewhere in the area or the county as a whole. Applications for the use of s106 funds are invited from not-for-profit organisations such as RPs, Community Land Trusts, and other housing providers approved by the Council and the Council itself to meet any funding gap and could be a vital source to bridge funding gaps of schemes in this coastal area where schemes will be costly to bring forward.

Brownfield Funding

This government funding is being made available by the North of Tyne Combined Authority to support the redevelopment of previously developed sites. The council may look to apply for such funding for their Seahouses First School site proposal to cover the costs of demolition and ground remediation ahead of the development phase.