

**STROUD DISTRICT COUNCIL**

**AGENDA  
ITEM NO**

**HOUSING COMMITTEE**

**21 FEBRUARY 2017**

**8**

<b>Report Title</b>	<b>AFFORDABLE HOUSING THRESHOLD FOR SMALL SITES AND RURAL DESIGNATION FOR RIGHT TO BUY</b>
<b>Purpose of Report</b>	To seek approval for the submission of an application to DCLG for the relevant parishes in the Stroud District to be formally designated as rural under s.157 of the Housing Act.
<b>Decision(s)</b>	<b>The Committee RESOLVES to:</b> <b>(1) Apply to DCLG for rural designation under Section 157 of the Housing Act for qualifying rural parishes.</b> <b>(2) Following designation, implement s.157 restriction on Right to Buy sales in the relevant parishes.</b>
<b>Consultation and Feedback</b>	The Head of Asset Management has been consulted and comments around the impact of the s.157 restriction on right to buy resales and workload are set out in the report.
<b>Financial Implications and Risk Assessment</b>	There are no direct financial implications arising from this report. There may be some impact on the constraint of resale values of SDC stock, due to a wider restriction of the designated areas. Adele Rudkin Tel: 01453 754109 Email:adele.rudkin@stroud.gov.uk
<b>Legal Implications</b>	There are no material legal implications arising from this report. Consideration could also be given to imposing the restrictive covenant on voluntary disposals pursuant to s32 of the Housing Act 1985. Hilary Holden: Legal Assistant Tel: 01453 754365 Email: hilary.holden@stroud.gov.uk
<b>Report Author</b>	Pippa Stroud, Policy Implementation Manager Tel: 01453 754099 Email: @stroud.gov.uk
<b>Options</b>	Relevant parishes could remain without this formal rural designation. However, this could leave these rural parishes vulnerable to future planning policy changes.
<b>Performance Management Follow Up</b>	Information will be circulated within six months to Members to update on the DCLG designation progress.
<b>Background Papers/ Appendices</b>	Appendix A: Qualifying parishes Appendix B: Map showing AONB and qualifying parishes.

## **1. INTRODUCTION / BACKGROUND**

2. The recent reintroduction of the Written Ministerial Statement dealing with site size thresholds for affordable housing has again brought focus on those areas which are designated as rural by the Secretary of State. Designated rural areas can seek a financial contribution for affordable housing from market housing sites of between 6 and 10 dwellings, while for those areas not enjoying this status the threshold is 10 dwellings.
3. There are a number of definitions of 'rural', but the definition being relied upon for this aspect of planning policy has been confirmed as being s.157 of the Housing Act, which is more normally used to restrict onward sales of council properties purchased under the Right to Buy by limiting such sales to people with a local connection to the District of Stroud.
4. Section 157 of the Housing Act 1985 allows local authorities to impose a restrictive covenant in a Right to Buy sale of a property in:
  - a National Park
  - an Area of Outstanding Natural Beauty (AONB) or
  - an area designated by order of the Secretary of State as a rural area
5. This Council currently imposes the restrictive covenant on Right to Buy sales on property in the AONB. This limits the sale of the property to purchasers who meet certain residency/employment criteria.
6. This is the first time that this Housing Act definition has been applied to national Planning Policy, but it would be sensible to infer that this may occur again in future policy changes.

## **7. ISSUES FOR CONSIDERATION**

### **Affordable Housing**

8. The Stroud District currently has no designated rural areas within its boundaries under s.157 of the Housing Act, but local authorities can apply to the Secretary of State for this designation to be applied to specified areas. The criteria are that:
  - There should be a population density of no more than two persons per hectare (2.0 PPH), and
  - Towns with more than 3,000 inhabitants are ineligible.
9. ONS figures show that, while Stroud as a district has a population density of 2.4 persons per hectare overall, very rural parishes such as Frocester have a density as low as 0.2 PPH. A full list of qualifying parishes can be found at Appendix 1

### **Right to Buy**

10. At present the Council has a policy in place to restrict the resales of properties bought under the Right to Buy (RTB) within the Cotswolds Area of Outstanding Natural Beauty. These restrictions impose a local connection covenant on the property, meaning that any subsequent purchaser must demonstrate to the Council that they have lived or worked within the district for the past three years.

Theoretically, this acts as a brake on the value of a property and prevents its purchase as a second or holiday home

11. The AONB covenant adds to the RTB team's workload because of the checks that have to be made on prospective purchasers. The extension of the RTB restriction to all rural areas would have an impact on resources, especially at a time when RTB sales are increasing.
12. There are currently 966 council properties located in the AONB in Stroud District. The Council does not have any figures for onward private sales.
13. Listed below are the numbers of applications approved for the disposal of a property in an AONB
  - 2014/15: 22
  - 2015/16: 25
  - 2016/17: 18 (up to 30/01/17)
14. The Council's RTB valuers have advised that there seems little evidence that the s.157 covenant reduces values generally in a buoyant market. The effect does vary, dependent upon locality and catchment area with the demand on resale for ex-local authority houses tending to come from buyers that already live in the area. In an adverse market, though, prices would be adversely affected by the covenant.

## **CONCLUSION / RECOMMENDATION**

15. The areas designated as an AONB in Stroud District and the extent of the areas of the district that would be covered by the s.157 rural designation are shown on the plan at Appendix 2.
16. It seems possible that an application could be made for this rural designation for Stroud's rural parishes, but without a restriction on resales being formally implemented. However, this does go against the spirit of the Housing Act, and detailed legal advice would be required on this before progressing.
17. Alternatively, Members may feel that using this designation could help constrain resale values of sold SDC stock and maintain properties as more affordable to local residents, and would provide a more consistent approach than the AONB designation provides.
18. Whilst the impact of the s.157 restriction on RTB resales is hard to quantify, the benefits for rural parishes in using the rural designation and increasing the financial contributions for affordable housing are important and other rural planning policy benefits may materialise in future.
19. It should also be noted that the s.157 restriction cannot be imposed retrospectively on properties that have already been purchased via the Right to Buy, only on purchases made following any rural s.157 designation by DCLG.

**20. Recommendation:**

- a. Applying for formal rural designation for the relevant parishes should be pursued so that these parishes can benefit from the rural aspects of planning policy.
- b. As a secondary benefit, this designation may act as a brake on the resale value of RTB properties as purchasers of properties in these areas would have to demonstrate a local connection to the District of Stroud.