



**PROSPEROUS  
COMMUNITIES  
COMMITTEE**

**16<sup>th</sup> March 2021**

**Subject: Rural Designation**

Report by:	Assistant Director of Planning and Regeneration
Contact Officer:	Sarah Elvin Senior Housing Strategy and Enabling officer  sarah.elvin@west-lindsey.gov.uk
Purpose / Summary:	Seek approval to make an application to the Secretary of State to designate areas of West Lindsey as rural under Section 157 of Housing Act 1985.

**RECOMMENDATION(S):**

- 1 Agree the areas for Rural Designation as set out in Appendix 1.**
- 2 Approve the submission of an application from West Lindsey District Council for Rural Designation under Section 157 of the Housing Act 1985 to the Secretary of State.**

## IMPLICATIONS

**Legal:** Officers have worked with Lincolnshire Legal Services to agree a position for West Lindsey in respect of Rural Designation.

Two pieces of advice were sought:

- Can WLDC make an application for Rural Designation as a non-stock holding authority
- Will there be an impact on Registered Providers in West Lindsey should Rural Designation be achieved?

Advice received on the above is contained in the report and appropriate advice will continue to be sought as the application progresses.

**(N.B.) Where there are legal implications the report MUST be seen by the MO**

### **Financial :**

**FIN/156/21**

No Financial impact.

There is no cost to the application for rural designation nor a cost for working up the necessary policy position as this will be covered through our work on the Central Lincolnshire Local Plan.

**(N.B.) All committee reports MUST have a Fin Ref**

### **Staffing : None**

The work will be completed from within existing staff resources.

**(N.B.) Where there are staffing implications the report MUST have a HR Ref**

### **Equality and Diversity including Human Rights :**

Approval to seek rural designation will ensure that West Lindsey's rural communities are able to benefit from future affordable housing delivery thus allowing better access to quality, affordable homes that meet local needs.

**Data Protection Implications : None**

**Climate Related Risks and Opportunities :**

The Central Lincolnshire Local Plan review is considering in detail climate related risk and opportunity. As part of this work the ability to deliver affordable housing with improved carbon credentials is being explored. Any affordable housing delivered in rural areas of West Lindsey will comply with the latest policy requirements and the impact of any viability challenge is being considered as part of the evidence base of the local plan review.

**Section 17 Crime and Disorder Considerations : None**

**Health Implications:** The ongoing provision of quality affordable housing in rural areas will ensure that those in need have access to a home that meets their requirements.

**Title and Location of any Background Papers used in the preparation of this report:**

Wherever possible please provide a hyperlink to the background paper/s  
If a document is confidential and not for public viewing it should not be listed.

**Risk Assessment :**

**Call in and Urgency:**

**Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?**

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

**Key Decision:**

A matter which affects two or more wards, or has significant financial implications

Yes

No

## **1. Introduction: Rural Designation**

1.1 Rural Designation as detailed in S157 of the Housing Act 1985 can be utilised for two purposes:

- 1) Rural Safeguards from the Right to Buy – Rural designation provides two rural safeguards from the Right to Buy. Either, the Local Authority has the pre-emptive right to buy back a home that has been sold under Right to Buy when it comes onto the market, or, at resale the home bought under the Right to Buy must be sold to someone with a local connection.
- 2) Exemptions from the 10 dwelling threshold for securing affordable housing contributions - The National Planning Policy Framework (NPPF) and National Planning Policy Guidance (NPPG) use this definition to define designated rural areas. In these areas, the NPPF states Local Planning Authorities can seek an affordable housing contribution on sites of five units or fewer.

1.2 Local Authorities can apply for the whole district to be designated as 'rural', covering all areas within that meet the following criteria:

- A population density of no more than two persons per hectare
- Areas with more than 3,000 inhabitants are ineligible.

1.3 The first criterion can be applied with some flexibility. For example, some parishes just over these limits may be designated in order to avoid a patchwork situation where some parishes are designated while others broadly similar are excluded. Population cannot be applied flexibly and any parish with a population over 3,000 cannot be designated.

## **2. What would rural designation mean to West Lindsey?**

2.1 As West Lindsey District Council do not hold housing stock, the Rural Safeguard from the Right to Buy does not apply. Residents who reside in ex-local authority stock purchased through the Right to Buy prior to stock transfer are not impacted.

2.2 Rural Designation would allow the Council to set specific affordable housing requirements across areas designated as rural, ensuring that affordable housing can continue to be delivered in rural locations. This policy requirement would be clearly articulated within the Central Lincolnshire Local Plan.

## **3. Why are West Lindsey looking to achieve designated rural areas now?**

- 3.1 On 6 August 2020, the Government published a consultation document titled '*Changes to the current planning system*' that sets out proposed measures to improve the effectiveness of the current planning system. One of the proposals from this consultation comprises a potential time-limited increase to the small sites affordable housing threshold.
- 3.2 Currently, the NPPF sets out affordable housing contributions should not be sought from developments on small sites; i.e. those delivering 10 or less residential units. In designated rural areas, local planning authorities are entitled to set a lower threshold of five units or fewer.
- 3.3 The overarching aim of the proposed increase to the small sites threshold is to stimulate economic recovery in the wake of COVID-19. The intention is to specifically support small-to-medium sized developers (SMEs) by reducing the burden of developer contributions on sites more likely to be built out by SME developers which West Lindsey does support by offering assistance and advice to SME builders where required.
- 3.4 The Government anticipates that, on balance, raising the threshold would make more sites viable for SME developers and therefore increase the pace of their delivery. The consultation paper acknowledges that the trade-off for increasing the threshold would be a fairly significant reduction in affordable housing delivery.
- 3.5 The Government is proposing to temporarily raise the small sites affordable housing threshold to up to either 40 or 50 residential units. The idea is that this new higher threshold will be implemented for an initial period of 18 months during which time the Government '*will monitor its impact before reviewing the approach*' – thereby leaving the door open to extending the time limit.
- 3.7 At present, West Lindsey do not have rural designation which in turn means that should this proposal be brought in, any sites under 40 (or 50 depending on decision on number) would not be required to deliver affordable housing contributions either on-site or off-site.
- 3.8 NKDC have rural designation for their rural areas and being in Central Lincolnshire, West Lindsey obtaining this designation would align our Housing Market Areas and give the ability for the Central Lincolnshire Local Plan (CLLP) to explore the possibility of developing a separate affordable housing requirement for designated rural areas.
- 3.9 It is considered that securing the rural designation for West Lindsey would allow the current affordable housing policy in the CLLP (LP11) to be retained and thus allow the authority to continue the delivery of affordable units on the same basis as now, which has had proven successful and sustainable.
- 3.10 It is important to note that the adoption of a Rural Designation in West Lindsey will allow us to maintain the current policy requirement for Affordable Housing and that is the main intention in seeking the designation. However, any future iterations of the CLLP will be subject

to a Whole Plan Viability Review which may change the size of site requiring an affordable housing contribution. This will depend on a number of factors, including the strength of the market and the level of other obligations being requested as part of the wider plan. Any final amendments to the CLLP Policies will be determined by the Joint Strategic Planning Committee.

- 3.11 Rural Designation allows the authority greater flexibility to request affordable housing on new rural residential sites and places that responsibility with the Local Authority as opposed to being subject to National Policy, which may not reflect the local rural situation in West Lindsey.
- 3.12 Should it be agreed to submit an application for Rural Designation, the timescales for achieving the designation will be dependant on the time taken to process the application by the Secretary of State. Should the designation not be sought before a change to the planning system is brought in (no timescales for this at this time,) there is the potential that any planning applications in rural areas of over 10 dwellings could have a lesser affordable housing contribution. This is why it is vital we submit an application as soon as possible.

#### **4. Proposed areas to be considered for Rural Designation**

- 4.1 Officers have established an evidence base which brings together key data for each rural parish. This has been utilised to develop the proposal for which areas should be included within the Rural Designation.
- 4.2 Appendix 1 detailed the areas proposed to be designated as rural. This information includes the following information for each parish:
- population figures
  - current designation
  - parish hectares,
  - population density per hectare.
  - which parishes have flexibility applied and the reason flexibility has been applied.
- 4.3 Appendix 2 shows a map of West Lindsey which highlights which areas are to be designated as Rural should the application be successful.

#### **5. Impact**

- 5.1 It is essential that rural affordable housing be protected. With rising house prices and rural areas becoming increasingly in demand, it is vital that local authorities ensure there is affordable housing being developed in rural areas. Affordable housing provides homes that are within the financial reach of local people, allowing them to remain in the area in which they were brought up in or have support within and continue to contribute to sustain local services.

5.2 The below tables assists with understanding the potential impact increasing the threshold to 40 units before an affordable housing contribution is required, could have on the delivery of affordable housing in rural locations.

5.3 This table denotes all sites within rural locations less than 3000 population and 1500 dwellings that have permission or are allocated in the Central Lincolnshire Local Plan.

Sites with less than 40 units	291
Total sites	306
Proportion of sites with less than 40 units	95%
Homes on sites less than 40	781
Assumed number of affordable housing units to be delivered*	156

\*based on 20% of figure. Some sites will have required contribution 25% and some sites will have less than 10 units, which will not trigger a contribution.

5.4 The potential change in policy will have an impact on sites within non-rural locations where the rural designation will not safeguard the delivery of affordable housing. The below table indicates the potential impact on this policy change for settlements over 3000 population and these affordable housing units will be lost.

Sites with less than 40 units	73
Total sites	104
Proportion of sites with less than 40 units	70%
Homes on sites less than 40	277
Assumed number of affordable housing units to be delivered*	55

\* based on 20% of figure. Some sites will have required contribution 25% and some sites will have less than 10 units, which will not trigger a contribution.

5.5 The impact on non-rural location is clearly not as vast with affordable housing still being provided on the larger sites and so delivered in these non-rural locations.

5.6 This only gives an indication of the potential impact and while it is understood that delivering these smaller sites is important, removing affordable housing contributions does not make these sites any less deliverable in West Lindsey for SME's.

## 6. Legal

6.1 Legal advice has been sought for two matters:

- 1) West Lindsey District Council as a non-stock holding authority are able to make an application for rural designation. Legal Services Lincolnshire (LSL) have confirmed WLDC are able to make an application.

2) West Lindsey achieving rural designation will not have a negative impact on Right to Buy for Acis or other RP's and their properties. LSL have provided a cabinet report by Wyre Forest District Council for the same purpose which states:

*"It is important to note that designation of rural areas under s157 does not exempt properties from the Right to Buy. It does not impact on the ability of any eligible tenant to take up the Right to Buy; neither does it place any obligation on a social landlord to impose the conditions enabled by the rural designation - it is solely at their discretion."*

6.2 Based on the minimal risk of achieving rural designation on the registered providers whose tenants have the Right to Buy their properties, WLDC did not deem it necessary to seek any further legal advice than that provided by Lincolnshire Legal Services on this matter.

## **7. Recommendations**

- 1 Agree the areas for Rural Designation as set out in Appendix 1.**
- 2 Approve the submission of an application from West Lindsey District Council for Rural Designation under Section 157 of the Housing Act 1985 to the Secretary of State.**