

Report for:	Strategic Planning and Environment Overview and Scrutiny Committee	
Date of meeting:	10 January 2017	
Part:	1	
If Part II, reason:		

Title of report:	Housing and Planning Act 2016 and Welfare Reform and Work Act 2016
Contact:	Graham Sutton - Portfolio Holder Planning and Regeneration Margaret Griffiths Portfolio Holder Housing Author/Responsible Officer: Mark Gaynor, Corporate Director Housing and Regeneration James Doe, Assistant Director Planning, Development and Regeneration
Purpose of report:	To set out the implications for the Council and the Borough of the Housing and Planning Act 2016 and the Welfare Reform and Work Act 2016.
Recommendations	That the contents of the report be noted.
Corporate	Ensuring economic growth.
objectives:	Providing good quality affordable homes, in particular for those in most need. A clean safe and enjoyable environment.
Implications:	Financial
	Housing and Planning Act
	The impact on planning arises from the new and increased responsibilities that the Act brings in, specifically the creation and maintenance of the Brownfield Register and the technical requirements of assessing Permission in Principle. There may also be an impact if there is an increased demand for Neighbourhood Plans which will require direct support.
	There is a possible impact arising from the Act, and the associated Welfare Reform and Work Act, in reducing the amount of affordable accommodation that is available and increasing homelessness and possible bed and breakfast

	costs.
	The sale of higher value council properties will require the HRA to pay an amount, as yet not known, to the Treasury each year. It is estimated that this may be in the order of £5M per year which will require either actual sales to provide the funds or reductions in expenditure elsewhere in the HRA.
	The administration of Pay to Stay may require top up funding within the Housing Revenue Account should the actual costs exceed the allowance from the government.
	Welfare Reform and Work Act
	The most significant impact arises from the 1% reduction in the rent of all Council homes that must apply each year for four years. The impact of this compared to the previous rent policy is £30M over this period. This will be reflected in the Housing Revenue Account Business Plan but has already had the effect of restricting the new build programme beyond 2020.
%/okus For Manay	The freezing of the Local Housing Allowance and other benefits, together with the reduction of the Benefit Cap, will directly lead to an increase in homelessness as tenants on Housing Benefit find their rents unaffordable.
'Value For Money Implications'	Whilst all efforts will be made to cope with the additional workloads through existing resources it seems likely that some burden will fall to the Council.
Risk Implications	The main risks identified are the potential increase in homelessness and reduction in the supply of genuinely affordable homes.
Equalities Implications	The government has carried out the appropriate Equality Impact Assessments
Health And Safety Implications	N/A
Consultees:	Elliott Brooks Assistant Director of Housing James Doe Assistant Director of Planning and Regeneration Sara Whelan Group Manager Development Management Chris Taylor Group Manager Strategic Planning and Regeneration Andy Vincent Group Manager Tenants and Leaseholders Natasha Brathwaite Group Manager Strategic Management Julia Hedger Group Manager Housing Development
Background papers:	Housing and Planning Act 2016 Welfare Reform and Work Act 2016
Glossary of acronyms and any other abbreviations used in this report:	CIL – Community Infrastructure Levy HMO – House in Multiple Occupation DCLG – Department of Communities and Local Government HRA – Housing Revenue Account TA – Temporary Accommodation HMRC – Her Majesty's Customs and Excise LHA – Local Housing Allowance Ha – Hectare

NSIP - Nationally Significant Infrastructure Project
CPO – Compulsory Purchase Order

1.0 Background

- 1.1 The substance of this report was considered by Cabinet on the 29th November 2016. The following recommendations were agreed:
 - That the contents of the report be noted.
 - That the additional workload arising from new responsibilities which impact on planning and development control be considered within the 2017/18 budget process.
 - That, in accordance with current policy, planning applications proposing Starter Homes in advance of formal government guidance being issued and enacted be resisted and for current policy to apply with regard to affordable homes.
- 1.2 The Welfare Reform and Work Act and the Housing and Planning Act were quickly introduced by the incoming Conservative government in 2015 to deliver a range of policy changes that were highlighted during the General Election campaign. The passage of both through parliament have been controversial with a large number of amendments made, with some of these accepted. The Housing and Planning Act in particular requires regulation to be issued by the Secretary of State much of which is still awaited. Four key areas should be highlighted:
 - The requirement to establish and maintain a brownfield register of previously developed sites capable of delivering five or more homes. Associated with this is the introduction of Planning Permission in Principle. This will require officers carrying out a technical assessment of the proposed sites to ensure that they are capable of developing housing and at what scale. Once designated this by passes the normal development control processes other than dealing with 'technical matters'. There will be additional workload that cannot be met by existing resources. Much of this will be concentrated in the first two year or so in the establishment of the register and the assessment of the suitability of new sites and the associated Planning Permission in Principle. It is proposed that a growth item be included in the 2017/18 budget setting to allow for both consultancy support and the impact of backfilling for staff drawn from other duties, with the consultancy focused in 2017/18.
 - The impact on the delivery and availability affordable homes together with a likely rise in the incidence of homelessness. The impact on affordable homes delivery arises due to the introduction of starter homes (for outright purchase) replacing rented supply, the sale of council homes through Right to Buy and enforced sale of 'higher value' council homes to fund Housing Association Right to Buy and the withdrawal of government financial support for new rented housing construction. This reduction in supply will have its main impact on the ability of people on the housing register to be housed but the impact of the lowering of the benefit cap and the freezing of Local Housing Allowance leading to a reduction in the supply of affordable

private rented accommodation will have a greater and direct impact on homelessness which will exert direct pressure on the Council.

- The massive financial impact on the Housing Revenue Account arising through the imposed rent reduction of 1% each year for four years (with a cost of £30M) and the annual payment to the Treasury of an amount, set by formula, of the assumed sake of higher value council homes.
- The very wide extent of these two Acts and the degree to which detail has yet to be issued as both Acts allow much to be introduced by way of regulation set by the relative Secretaries of State.

Set out below is a description of the two Acts (though largely focusing on the Housing and Planning Act) and the impact on the Council.

Parts of the Housing and Planning Act

Part 1: New Homes in England

- The Act allows a change to planning policy that will mean that current section 106 requirements for affordable housing will be replaced with a requirement to build a proportion of homes in a development as 'Starter Homes' (to be sold at 80% of market rent to first time buyers under 40, and to be capped at £250,000 outside London and £400,000 within London). These homes will themselves not be subject to section 106 or Community Infrastructure Levy (CIL) requirements. The indication is that this will be a minimum of 20% of new homes built on sites of 0.5HA or more. Regulations yet to be finalised will specify the time period after which Starter Homes buyers call sell on without reimbursing a proportion of the proceeds. The new Housing and Planning Minister has indicated that he is reviewing the balance of this provision with a view that affordable homes should incorporate rented housing and not exclusively owner occupation.
- The Act requires local authorities to meet demand for self-built homes by granting permissions for suitable sites.

Implications for Dacorum

Starter Homes will replace the current affordable home requirements set out by local authorities in their Local Plan and Supplementary Planning Documents, unless the government gives more flexibility in varying the balance between Starter Homes and other forms of affordable homes. Whilst the Minister has indicated that he is considering this there has been no change at this point. National planning policy documents are expected to be amended to prioritise Starter Homes above Affordable Rent or Shared Ownership housing resulting in the reduced provision of affordable homes for rent and shared ownership. Given the lack of clarification on the detail of Starter Homes at this point the Council will not be in a position to introduce this until every element is clarified by the government. For clarity a recommendation is made on this point.

There is no plan to make purchasers of Starter Homes re-sell properties as Starter Homes (unless a re-sale is within an initial five year window, although it is unclear how this will be monitored or enforced), which will mean that these properties will not act as a long-term contribution to meeting the housing needs of people requiring some government support.

The main consequences with respect to **self -build** are:

- An additional resource requirement on Dacorum as Local Planning Authority.
- A potential slowing down of the Local Plan process due to inclusion of the allocation of serviced plots.
- Unknown details around the delivery of serviced plots and what the responsibilities of Local Authorities regarding

Parts of the Housing and Planning Act	Implications for Dacorum
	capital investment will be.
	In order to minimise any administrative impact on the Local Plan process, the resource requirements associated to this section of the Act will need to be considered. Fees can now be levied on individuals registering an interest in self-build to ensure they reflect the administrative cost to the Council, though it will need to ensure that the numbers justify establishment of a payment system. Currently numbers are so low that this would not be the case but it will be kept under review.
Part 2: Rogue landlords and letting agents in England	Private rented sector (tackling 'rogue' landlords and lettings
 The Act provides greater powers for local authorities to identify and tackle rogue landlords and letting agents operating in the private rented sector (through the use of banning orders, rent repayment orders and a national 	agents, licensing 'fit and proper' person test, and local authority access to Deposit Protection Scheme information) The main consequences for Dacorum Borough Council are:
database). Part 3: Recovering abandoned premises in England	 Whilst a removal of rogue landlords/lettings agents from the private rented sector market that could lead to a possible reduction in homelessness linked to these perpetrators in the
The Act allows private landlords to take swift action (relative to current legislative allowances) in order to regain possession of a property they have evidence has been abandoned. This is to improve the speed such properties can be back in use as a tenanted property	 long run there may well be an increase in the immediate where no alternative accommodation can be found for those that are displaced. This work will fall to Environmental Health and Legal Services and will require a review of any capacity issues that arise. Reduction in the likelihood of an unsuitable individual or organisation obtaining a license for a House in Multiple
Part 5: Housing, estate agents and rent charges: other changes	Occupation (HMO). • The potential to use the new database to carry out a 'rogue
 The Act simplifies the legislation governing local assessments of the housing and accommodation needs of 	landlord' check before accepting a new landlord into the Council's deposit guarantee scheme. The potential to use the released Deposit Protection Scheme

communities, while still requiring the needs of all members of the community to be assessed on an equal basis.

- The Act allows local authorities to access the database of properties under the Tenancy Deposit Scheme, in order to identify around 70% of the local private rented sector.
- The Act allows local authorities to apply a more stringent 'fit and proper' person test for landlords letting out licensed properties, such as Houses in Multiple Occupation, and to impose financial penalties as an alternative to prosecution for certain offences.

The Act allows the formula for calculating the amount needed to redeem a 'rent charge' (the charge made to landowners who have allowed land to be used for development) to be amended by secondary legislation

Implications for Dacorum

information to identify private rented properties to carry out homelessness prevention work.

Removing rogue landlords and lettings agents from the market, and tightening tests on people applying to have a HMO, will hopefully improve the overall quality of the private rented sector in Dacorum. The impact on staff resources will need to be kept under review in both Housing and Environmental Health

The Council's deposit guarantee scheme is potentially vulnerable to approaches from rogue landlords as it is reliant on landlords letting properties at rents at the bottom of the market. The team responsible for the Council's deposit guarantee scheme will need the appropriate access rights to the database of banned landlords and lettings agents, in order to improve the risk management of the scheme. This will require staff in Environmental Health and Housing to liaise very closely.

Currently private landlords do not have to register onto any central database so the Council has had limited ways in which to identify possible vulnerable tenants. Details of the properties with a deposit recorded under the Deposit Protection Scheme will improve this (estimates suggest this will identify around 70% of the local market). Around 50% of all current homeless presentations to the Council are due to evictions from the private rented sector. The ability to target campaigns and other communications tools at private rented addresses may enable the Council to improve its prevention work.

Part 4: Social housing in England

• This Act sets out the framework for the voluntary agreement between the Government and housing associations to

The sale of high value council homes, and the extension of Right to Buy discounts to housing association tenants

The main consequences for Dacorum Borough Council are:

extend the 'Right to Buy' discount to housing association tenants

- The Act allows the Secretary of State to reduce regulations on housing associations.
- The Act requires stock-retaining local authorities to sell high value social housing as it becomes vacant and provide the receipts to the Treasury. This is in part to 'refund' housing associations the difference between the discount and market rates for those properties they lose through the Right to Buy extension. This will be calculated on a formula put together by DCLG and will be set as an amount due from the local authority each year. Consultation on this has yet to formally begin and it seems unlikely to come into force until 2018/19.
- The Act requires landlords of social housing to identify 'high income social tenants' (household income over £31,000 outside London) and charge market, or near market, rents often referred to as 'Pay to Stay'. The funds from this increase in rent will go to the Treasury (mechanism not vet confirmed), minus administrative costs (details not yet confirmed). Considerable difficulties in administering this process have been identified and a number of conditions were accepted by government following amendments made in the House of Lords. This includes excluding households in receipt of Housing Benefit. The tariff proposed is an addition 15p rent per week for every £1 earned annually (i.e. a household with £10.000 above the threshold would pay an extra £30 per week). The Act does allow for HMRC to make information available but the detail of this has yet to be issued.

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- A reduction in the provision of local social/affordable housing for rent to meet the needs of local residents who are not in a position to access the finance needed for any form of home-ownership.
- A reduction in available revenue for the Housing Revenue Account.

This is in the context of the Emergency Budget in 2015 that set out the proposed 1% social/affordable rent reduction, now enshrined in the Welfare Reform and Work Act 2016, that will impact both councils and housing associations. This reduction has limited these organisations' plans to seek development land to build new homes for social or affordable rent. This impacts considerably on the Council and has been incorporated into the HRA Business Plan.

Both the extension of Right to Buy discounts to housing association tenants and the enforced sale of the Council's high value stock will contribute to a reduction in the local provision of social/affordable homes for rent. The most concerning impact will be an increase in homeless as affordable supply decreases.

With fewer social/affordable housing voids to allocate to the Council will be less able to:

- Meet the housing needs of applicants on its housing register, so people may remain in unsuitable accommodation for longer, resulting in negative health and wellbeing consequences (for example, due to overcrowding, limited mobility throughout the home, or welfare issues potentially relating to domestic violence or other forms of harassment).
- Move homeless households out of temporary accommodation (TA) resulting in negative health and

 The Act requires that most new Council tenancies to be fixed term (between 2 -10 years though this can be extended where the household has a child under nine to ensure the tenancy will last until they are nineteen. The Council adopted fixed term tenancies some time ago.

Implications for Dacorum

wellbeing consequences associated with homelessness, and creating a need to increase the Council's temporary accommodation stock.

The administration of Pay to Stay will be potentially very intensive, and it is still not clear what information will be provided from HMRC regarding incomes of tenants. The government has indicated that 'reasonable costs' for administration can be taken from the income generated but it is likely the actual costs will exceed this. The impact on tenants will prove very severe in some cases in terms of a reduction in available income. An increase in uptake in Right to Buy can be predicted where the costs of renting and purchase get closer. This will further reduce the stock of social rented homes. Given the delay by government to issue the regulations it seems likely that Pay to Stay will start in 2018/19.

Financial impacts associated to these sections of the bill will be experienced by both the Housing Revenue Account and the Council's General Fund:

- It is expected that the Central Government Treasury will request an annual payment from stock-retaining local authorities based on estimate on receipts from stock sales (rather than requesting receipts from individual sales to be paid as and when they complete). This will need to be budgeted for and will be a cost to the Council. If the Council opts to actually sell stock to meet the required amount then the loss of stock will also result in an on-going loss of rental income.
- There may be pressures on the General Fund in bed and breakfast costs should it prove difficult to source sufficient temporary accommodation and if private rented accommodation under the local housing allowance levels

Parts of the Housing and Planning Act	Implications for Dacorum
	become unavailable as rents rise.
	As Starter Homes are not themselves subject to CIL or S106 requirements there will be a gap in infrastructure funding.
	These changes will need to be incorporated in our forthcoming Local Plan, as more detail on these sections of the Act are known and the Council will have to review how they impact on its other housing planning policies and its housing strategies.
Welfare Reform and Work Act 2016	Welfare Reform and Work Act 2016
This introduced the rent reduction of 1% per year for four years for Councils and Housing Associations. It also froze a range of Social Security benefits, the Local Housing Allowance (LHA) and restricted Housing Benefit for tenants at the LHA level. The Benefit Cap was also reduced to £21,000 per household outside of London.	The major impact of the rent reduction is to reduce the amount of resources available to Councils and Housing Associations, which have already reduced the delivery of new social and affordable rented property. Housing Associations have moved away from the new provision of rented homes where these cannot be delivered through s106 agreements. This means a reduction in the availability of affordable housing – particularly when enforced sales of council homes are required. The reduction in the Benefit Cap and other benefits, together with the relative reduction on the LHA will lead to increased poverty, homelessness within this context of reduced supply. This is already-being experienced in Dacorum with private landlords raising rents above LHA and effectively freezing out tenants on Housing Benefit.
	The Council has managed to mitigate the reduction in new rented homes due to use of Right to Buy 'One for One' receipts in assisting Hightown Praetorian to deliver homes with Hemel Hempstead. The rent reduction, however, will mean the council house new build programme will stall after 2020 if no new resources can be made available or the rent cap is reversed.
Part 6: Planning in England	Planning in England

- The Act allows the Government to move forward with a range of measures to simplify and speed up the neighbourhood planning process in order to support communities seeking to meet local housing and other development needs. Most of the measures still require the Secretary of State to issue the appropriate regulations including his/her power to bring in 'appointed persons' to resolve issues holding up planning obligations.
- The Act gives the Secretary of State further powers to intervene if Local Plans are not delivered effectively by local authorities and extends the Department of Communities and Local Government (DCLG) monitoring to small applications as well as major. The Government has indicated that it will intervene where councils have not made 'due progress' on Local Plans by 2017. It has also promised clarification on how to secure agreement on housing land supply assessments.
- It paves the way for pilot schemes to test the use of 'approved providers' to exercise the development control/management function for Councils that underperform in terms of planning application decisions and a poor track record on planning appeals. Such 'approved providers' are expected to be planning consultancies.
- The Act creates a duty for local authorities to maintain a local register of brownfield land capable of housing development –indications so far are that this includes identifying sites capable of delivering 5 or more homes or above 0.5HA. The Act also requires that 90% of areas on the brownfield register, or land identified in local or neighbourhood plans, to be granted with 'planning permission in principle' (PIP)

Implications for Dacorum

The main consequences for Dacorum Borough Council are:

- The requirement to maintain a database of available brownfield sites able to support five or more dwellings (or larger than 0.5HA). By keeping such a register the Council's five year land supply is enhanced.
- The requirement to provide 'permission in principle' for all identified sites (brownfield register, and local and neighbourhood plans).
- The creation/maintenance of the brownfield register and dealing with permission in principle have an ongoing staff resource requirement as they are completely additional functions. This will need to be considered in the budget for 2017/18. It will also be important that if a fee is payable for entry onto the brownfield land register and for PIP application that systems are in place to ensure that this is captured (no details have been given by government at this point).
- There is a real opportunity for the Council to include some of its own sites on the brownfield register (such as garage sites) as they would gain permission in principle and potentially increase their value. An internal project team is being established to consider the potential and identify sites.
- The potential for Secretary of State intervention (to the point of enforcing a new plan) if the Local Plan is deemed ineffective, and DCLG monitoring of small as well as major planning applications (though given progress already made this is not felt to be a concern).

where automatic consent would be granted subject to approval of technical matters. This is to facilitate sales of land for development. Councils are awaiting formal details of the criteria.

- The Act gives the Mayor of London greater planning powers over Greater London.
- The Act requires reports to local authority planning committees to include detail on the estimated financial benefits to a community that will accrue from the proposed development.
- The Act allows housing to be included within 'Nationally Significant Infrastructure Project' (NSIP) applications made by developers under the national infrastructure planning regime.
- The Act creates a faster and more efficient process for creating Urban Development Areas and Corporations, while still requiring those with an interest locally to be properly consulted at an early stage.

Part 7: Compulsory purchase

• The Act revises the compulsory purchase regime to make it clearer, fairer and faster, in order to improve the process for bringing forward land for development.

Implications for Dacorum

- An additional requirement for local planning authorities to assist Neighbourhood Forums in preparing their plans which will generate a resource requirement.
- A requirement to set out to the Development Control Committee the financial benefits that a development would bring, even though they may not be a material planning consideration.
- The possibility of an increasing requirement to cooperate with Greater London in setting the Local Plan, and to consider growth created by London as well as the local authority area in making assessments of housing need.
- The possibility of housing delivery taking place as part of a National Strategic Infrastructure Project, rather than gaining approval through the Council (for example if Crossrail 2 were to reconsidered running through the Borough).
- There may be some public confusion about the appropriate planning route e.g. Permission in Principle, Outline Planning Permission or Full Planning Permission and technical details approval.
- The Council will be under pressure to approve schemes with permission in principle in order to deliver housing, despite less detail being available than usual applications (although the 21 day consultation period and call in to Development Control Committee is likely to remain the same).
- It is unclear whether the appropriate level of fees will be chargeable on dealing with permission in principle work.

Parts of the Housing and Planning Act	Implications for Dacorum
	The administration required to maintain the new brownfield register will add to the resource requirements of the planning services.
	At the moment the Council has an up-to-date Core Strategy and is not at any threat of intervention from the Secretary of State, however there may be some consequences for neighbouring authorities such as St Albans.
	If Dacorum was identified to not be performing in terms of its assessment of planning applications then applicants would have the choice to go straight to the Inspectorate for to have their application decided (or possibly to an 'approved provider'). Currently Dacorum performs well in deciding applications in a timely manner, however the Council will need to have monitoring mechanisms in place to ensure sufficient resources are in place to meet targets on-going. Furthermore whilst many applicants would probably opt to have their application decided by a planning authority rather than the Inspectorate, as they maintain their right to appeal to the Inspectorate if their application is refused, some may welcome the option of taking politics out of the planning system and opt for the Inspectorate.
	There is a possible financial impact to the Council's General Fund from the level of resource that will be required to assist the process of neighbourhood planning. Although there is some support from DCLG at the moment to assist in deferring these additional costs, there is no certainty that this will continue. Dacorum only has one local plan currently being undertaken, however the financial impact could become significant if the number of neighbourhood plans increase
	Dacorum has a duty to co-operate with the Greater London Authority as part of plan making. The current Mayor of London has

Parts of the Housing and Planning Act	Implications for Dacorum
	placed housing high on the political agenda for Greater London and is looking to areas just outside the boundary of London to support its response to rising housing need.
	Section 70(2) of the Town and Country Planning Act 1990 already requires a Development Control Committee to have regard to " any local finance considerations, so far as material to the application" so it is not clear why the Act now separately requires financial benefits from schemes to be recorded on planning reports. Adding the financial benefits of a scheme to a committee report will require additional resource that will need to be assessed by the Council. There may also be a need to plan to mitigate possible confusion or distraction that could result at the Development Control Committees.
	Detail on the inclusion of housing in NSIP applications is not known and there is 500 properties may be set. The Council is not aware or any large scale projects in the local area where the applicant would chose to use the NSIP route rather than obtain planning permission from the local authority. There is concern that if this route did start being used to deliver housing then it could take control and decision making away from the local authority.
	The Government is also pressing for local plans to aim for higher density of development, particularly housing, around key transport hubs which may have an impact on Tring, Berkhamsted and Hemel Hempstead.
	Compulsory purchase
	The changes being made to compulsory purchase amend the existing Compulsory Purchase Order (CPO) regime, and do not provide any new powers for local authorities wanting to use CPOs to obtain land to facilitate regeneration or new housing

Parts of the Housing and Planning Act	Implications for Dacorum	
	development.	