

**HUNTINGDONSHIRE DISTRICT COUNCIL**

<b>Title/Subject Matter:</b>	Findings and Recommendations of Affordable Housing Working Group
<b>Meeting/Date:</b>	Overview & Scrutiny (Social Well-being) Panel – 3 November 2015
<b>Executive Portfolio:</b>	Councillor D B Dew (Executive Member for Strategic Planning and Housing) and Councillor D M Tysoe (Executive Member for Customer Services)
<b>Report by:</b>	Policy, Performance & Transformation Manager (Scrutiny)
<b>Ward(s) affected:</b>	All

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**Executive Summary:**

The Affordable Housing Working Group has reviewed an extensive amount of information in considering how to deliver affordable housing and exploring ways to encourage more affordable housing in rural areas. The Group has examined opportunities to deliver more affordable housing and reduce the number of families waiting for affordable housing. Current viability issues which impact on the number of affordable units that developers are able to provide have also been discussed.

Analysis of the Housing Register by band and dwelling size has been presented to the Group and this has formed the background to discussion on steps that could be taken to manage demand for affordable housing and reduce the size of the Register. The Group has concluded that options for addressing demand for affordable housing through management of the Housing Register are limited. Current initiatives to prevent homelessness are working but are likely to be affected by increasing difficulty in securing private tenancies. The Group therefore seeks to encourage efforts to meet demand by increasing supply of affordable housing, with actions proposed to achieve this listed in section 6.2.

The Group has reviewed the Elphicke-House report, giving particular consideration to examples of actions that others are taking to provide more affordable housing. Investment in Community Land Trusts (CLTs) has been discounted although the Group recognised that CLTs are a model for delivery where local communities so choose.

**Recommendations:**

**The Panel is asked to review this report and endorse the Working Group's findings and the recommended actions in 6.2 for consideration by the Cabinet.**

## **1. WHAT IS THIS REPORT ABOUT/PURPOSE?**

- 1.1 This report is intended to inform the Panel of the findings and final recommendations of the Affordable Housing Working Group.

## **2. WHY IS THIS REPORT NECESSARY/BACKGROUND**

- 2.1 The Working Group was originally established in March 2014 by the Overview & Scrutiny (Social Well-being) Panel to investigate the policies and procedures of Registered Providers. The Group's remit was amended to undertaking a study on affordable housing in July/August 2014 when the following Terms of Reference were agreed:

The Working Group will make recommendations for the next Housing Strategy 2016-19 by:

- considering and making recommendations on ways to deliver affordable housing; and
- exploring ways to encourage more affordable housing in rural villages including through the rural and enabled exceptions policy of the Local Plan, through the Community Land Trust model and through analysis of best practice nationally and assessment of which of these are suitable for adoption in Huntingdonshire.

To inform this work, the Working Group will:

- receive briefing notes on the objectives,
- undertake a thorough assessment of national best practice,
- consult the Executive Councillor on the terms on the study, and
- consult other Councillors on the terms on the study.

- 2.2 The Group has met on five occasions and updated the Overview & Scrutiny (Social Well-being) Panel regularly, with a written report submitted to the November 2014 meeting. The Group's membership was extended in April 2015, when Councillors P Bucknell and B Farrer joined from the Economic Well-Being and Environmental Well-Being Overview and Scrutiny Panels respectively at the Group's request.

- 2.3 It was agreed at the Group's last meeting that a final report and recommendations would be submitted formally to the Social Well-being Panel.

## **3. OPTIONS CONSIDERED/ANALYSIS**

- 3.1 The Group's original remit was to investigate the policies and procedures of Registered Providers but after discussion of the options they agreed that their study should instead focus on affordable housing supply, which linked clearly to the development of the next Housing Strategy 2016-19 and the emerging Local Plan. The Terms of Reference agreed by the Group are listed in section 2.1.

- 3.2 Detailed information has been shared with the Group on identified affordable housing need and the delivery of affordable housing in the past, as well as plans for future delivery and how this will be funded.

## **4. DELIVERY OF NEW AFFORDABLE HOUSING**

- 4.1 The Group has examined draft policies for inclusion in the new Local Plan to 2036, which are relevant to affordable housing. In particular, Members have been acquainted with the terms of draft policies on Neighbourhood and

Community Planning, Affordable Housing Provision and Rural Exceptions Housing. They are satisfied that these policies will create a framework which will encourage and enable innovative approaches to the provision of affordable housing to be adopted.

- 4.2 Consideration has been given to a report on rural affordable housing development. Members were informed that new homes are funded by Homes and Communities Agency grants and private loans obtained by housing associations, with the latter repaid through rent. There is not considered to be an issue with organisational capacity or the willingness of Registered Providers in building affordable housing to meet local needs.
- 4.3 The Strategic Housing Needs assessment has identified a need for a further 8,000 affordable houses in Huntingdonshire over the Local Plan period. Current proposals for the distribution of housing growth in Huntingdonshire mean that the majority of all additional homes will be provided on three large development sites, namely Alconbury Weald, RAF Wyton and the St Neots expansion. There are no allocated sites in rural areas which will deliver affordable housing and so, currently, rural exceptions sites are the only way that affordable houses will be built in rural areas. The main challenge is to find appropriate sites.
- 4.4 **The Group has suggested that the Council should actively promote the provision of affordable housing on exceptions sites to town and parish councils as they may have land holdings that could be used for this purpose.** The Group has paid particular attention to the Council's approach when parishes do not support rural exceptions sites. It has been concluded that the Council should take decisions that are in the best interests of the area. **This means that even where a parish council does not support a site, the District Council should fulfil its duty to meet identified affordable housing need.**
- 4.5 To promote this role, it is also suggested that a comprehensive approach in a wider community planning policy document should be developed. The Planning Policy team are intending to produce a document which will give guidance on the various tools available, from larger scale neighbourhood planning through to Community Land Trusts or rural exceptions sites. **The Group has also recommended that a systematic assessment be carried out of all land to identify potential sites for affordable housing that can then be matched to needs (strategic housing land availability assessment).**
- 4.6 The Group has received a presentation on Community Land Trusts, which are local organisations set up and run to develop and manage homes or other assets important to their local communities. Community Land Trusts are usually needs driven or created in response to a particular community issue and the support of the local town or parish council is not always necessary. Developing a Community Land Trust involves a considerable amount of work.
- 4.7 The Group has been acquainted with examples of Community Land Trusts in various areas, including in East Cambridgeshire where considerable emphasis is placed on them through a community led planning policy approach and grants of up to £5k are made available from East Cambridgeshire District Council. **The Group does not consider that Huntingdonshire should devote this level of resources to encouraging Community Land Trusts but considers that they should be recognised among the potential tools for delivering affordable housing that are available to local communities.**

- 4.8 Government initiatives and their impact on the supply of new affordable housing have been discussed. These include changes to rules on Section 106 Agreements. Developers were previously required to wait five years before they could challenge affordable housing Section 106 contributions but are not able to challenge these if they can demonstrate that circumstances have changed since negotiations took place (e.g. if contamination identified has resulted in 40% affordable housing provision becoming unviable). The Working Group were informed that a policy target of 40% affordable housing still applies to all developments but there is negotiation as this would not be viable for all sites and some developers make other contributions such as provision of schools.
- 4.9 Another impact to the provision of affordable homes is the Government's 'starter homes initiative', which aims to enable people under 40 years to buy their own home with a 20% discount. This was introduced in the Housing and Planning Bill 2015 but is yet to be introduced.
- 4.10 Another significant change is the vacant buildings credit, which offsets vacant buildings against the total development thereby meaning that the affordable housing requirement only relates to additional floor space. Huntingdonshire is affected greatly on the RAF Brampton and RAF Upwood sites but much less so on Alconbury Weald and Wyton Airfield and, because there are no existing buildings on the site, not at all on St Neots East. The vacant building credit was quashed in the Courts in September but Government have appealed and the outcome of the appeal should be known in spring next year.
- 4.11 Current thresholds for affordable housing in Huntingdonshire are 15 homes for sites in towns and Key Service Centres and 3 homes on sites in villages. Government policy now states that no affordable housing can be sought for sites below 6 homes. On sites of 6 to 10 homes, only financial contributions can be sought and only if the site is situated within a designated rural area but development sites over 10 homes can be subject to on-site affordable housing provision. The Group was told that the Council can seek affordable housing contributions where there is a clear case of disaggregation of the site where a developer intends to build on separate parts of a larger site over a long period. The Council's current threshold is 15 homes on urban sites due to previous Government policy. **The Group has recommended that the threshold for developments on which affordable housing can be sought should be lowered from 15 to 10.**

## 5. DEMAND FOR AFFORDABLE HOUSING

- 5.1 Having considered options for increasing the supply of affordable housing, the Group has reviewed information about the current level of demand for this within Huntingdonshire. Analysis of the Housing Register by area, band and dwelling size has prompted discussion around ways of reducing the number of households on the Register.
- 5.2 The Group was informed that the 2008 introduction of the Homelink Scheme and amendments to our Lettings Policy (including changes required to comply with new legislation) have contributed to a reduction of the number of people on the register. Changes to the Policy have led to a review of the Register, requiring people to re-register. A significant number of households do not respond and are therefore no longer included. The number on the Register fell from a peak of almost 4,000 households in 2011 to just below 1,500 households after the April 2013 revision to the Policy but have since crept back up to a current level of around 2,000-2,300.

- 5.3 Almost two thirds of those on the Housing Register are in bands C and D/D\*, which indicate low level housing need. Every application is assessed to establish housing need, including provisions relating to local connections and financial situations as well as other factors such as a history of anti-social behaviour and immigration status.
- 5.4 The Members have discussed the inclusion of a Band D on the system given that those in that band have relatively little chance of ever being offered a home through the Register. The Group was informed that Band D also includes pensioners waiting for sheltered accommodation and any change to the Band system would depend on Government guidelines being amended. The link between demand and supply was discussed, with a clear relationship between the number of affordable homes built (e.g. on larger sites) and the number of lettings through the Register. However, an increase in demand as significant developments are given planning permission has also been noted.
- 5.5 The Council has several schemes which can help to prevent homelessness, such as the Rent Deposit Scheme to assist households in securing private tenancies. It was noted that prevention of homelessness is most successful at earlier stages. The total number of successful homelessness preventions has fallen recently. This is not due to fewer people approaching the Council for help but a combination of more early interventions helping people into private renting, the impact of welfare reform on Housing Benefit available and increased difficulty in finding housing at market rent. Housing costs in Huntingdonshire are increasingly expensive with the Local Housing Allowance not keeping track with private rents and landlords are more reluctant to house those claiming Housing Benefits. Some who would previously have received help through our homelessness prevention schemes have been added to the Housing Register instead but others have made homelessness applications.
- 5.6 Where necessary, the Council is required to use temporary accommodation for those who have become homeless but aims to minimise this. However, there has been rising demand in recent years, with 220 households accepted as homeless in 2014/15 compared to 167 in the previous year. As a result, the Council has worked with partners to build up a larger stock of temporary accommodation available to use, with several new schemes such as building 13 new bungalows in King Ripton Road introduced. The Working Group was informed of other planned developments to increase this stock. These additional units and greater use of shared housing have reduced the number of households being placed in Bed and Breakfast accommodation.
- 5.7 The need for temporary accommodation would be reduced by an increase in affordable homes built and/or private sector rents becoming more affordable. The Group was informed that an analysis of the cost of the Council providing its own temporary accommodation against the cost of paying private landlords and bed and breakfast establishments for housing tenants was underway. The possibility of the Council reducing housing demand by building its own affordable homes was discussed however Members were informed that the Council has limited land which could potentially be developed and that this would only be considered if it was done with a partner organisation.

## **6. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION**

- 6.1 Options for addressing demand for affordable housing through management of the Housing Register are limited due to the need for our Lettings Policy to comply with legislation. Initiatives to prevent homelessness will continue but are likely to be affected by increasing difficulty in securing private tenancies.

6.2 The Group therefore seeks to encourage efforts to meet demand by increasing supply of affordable housing. Their recommended actions are:

- **The Council should actively promote the provision of affordable housing on exceptions sites to town and parish councils.**
- **Where a parish council does not support an exceptions site, the Council should continue to fulfil its duty to meet identified affordable housing need.**
- **A systematic assessment should be carried out of all land to identify potential sites for affordable housing to then be matched to needs (strategic housing land availability assessment).**
- **The threshold for developments on which affordable housing can be sought should be lowered from 15 to 10.**

## **7. LINK TO THE CORPORATE PLAN**

7.1 Affordable housing contributes to the strategic priority of “Enabling sustainable growth” by improving the supply of new and affordable housing to meet future needs and to the strategic priority of “Working with our communities”. The Group asks that its recommended actions be considered during the development of the next Housing Strategy for 2016-19.

## **8. CONSULTATION**

8.1 Officers and Members with responsibility for relevant services have attended the Group’s meetings to discuss issues, options and examples of good practice from elsewhere. Representatives of the other Overview & Scrutiny Panels were invited to join the Working Group as the study had a wider remit than just Social Well-being.

## **9. REASONS FOR THE RECOMMENDED DECISIONS**

9.1 The Group has considered options relating to both demand for and supply of affordable housing. Four actions have been recommended to encourage efforts to build more affordable homes throughout the district. The Group now asks the Overview & Scrutiny (Social Well-being) Panel to review its findings and recommendations.

## **BACKGROUND PAPERS**

### **CONTACT OFFICER**

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