

Briefing Paper to OSCOM : 14 April 2015

Affordable Housing Update

1 Background and looking ahead

- 1.1 Members have requested an update on the provision of new and additional affordable housing within the Borough. This matter has been reported to the Committee previously in March 2013 and March 2014. This briefing paper also includes some information concerning Hampshire Home Choice and the issue of cross-boundary moves between participating authorities.
- 1.2 Members should also be aware that the Government has just published the response to their 'Right to Move' consultation paper. The Government has indicated that they will be publishing new regulations by the end of March 2015 which will:
 - require local authorities to remove local connection criteria for applicants moving for employment reasons,
 - that local authority allocation policies will include a 'reasonable preference' criterion relating to social tenants moving for work related reasons; and
 - an expectation that local authorities will set aside at least 1% of their annual relets for work related moves.
- 1.3 In March 2014, the Committee noted the progress that had been made during the previous twelve month period. This progress is summarised as an annex to this paper. Since that time we have concentrated on meeting the Council's new affordable homes target and investigating any alternative options to secure more affordable housing under the auspices of the Project Enterprise initiative.
- 1.4 The Council has exceeded its target of ensuring 798 new affordable homes are provided during the course of the 2011-2015 Corporate Plan. By the end of March 2015 it is forecast that over 900 homes will have been provided through partnership working with Registered Providers.
- 1.5 Through the Project Enterprise officers working group, a number of initiatives have received consideration. Council house building has not been favoured as the Council no longer has the capacity to manage and maintain large numbers of residential properties. If the number of homes exceeded 50, the Council would have to bear the cost of re-opening and administering a Housing Revenue Account.
- 1.6 Other discussions have centred on the possibility of converting spare office accommodation to residential use, of developing properties to be let at a market rent. These considerations will continue under Project Enterprise where the prime aim is to secure a revenue stream by investing capital, to support the Council's General Fund.
- 1.7 A new Corporate Plan is being developed for the period 2015-2019. Through consultation with members of the public, the availability of housing has again been identified as a cause for concern and subject to Member approval, may feature as a key theme of the new Plan.

- 1.8 Dovetailing with the new Corporate Plan, an updated Housing Strategy and Homelessness Strategy is being developed and will be brought before Members for consideration by the end of 2015. These will include detailed action plans.

2 Performance

- 2.1 With 2,268 households on the Council’s Housing Register (all of whom have a local connection and housing need as defined by the Council’s Allocation Policy), the provision of new affordable homes continues to be a very important priority for the Council. In addition, there is a need also to support a low cost home ownership programme aimed at people who cannot afford to buy on the open market. The Government’s *HelptoBuy* scheme is directed at people who need help in raising the necessary deposit for a new home. Other variations of sub-market housing for rent and purchase are also secured where appropriate through negotiation with developers.

Table 1: Affordable housing completions over the period of the current Corporate Plan

Year	Affordable housing completions
2011/12	220
2012/13	340
2013/14	159
2014/15	270 (currently)
Total	989

3 Available Resources for new affordable housing

- 3.1 Funding continues to be available for new affordable housing from a variety of sources. The Homes and Communities Agency (HCA) expects Registered Providers (RPs) to fund the majority of new schemes through charging Affordable Rents (80% of a market rent), rather than through grant funding. The HCA’s new grant regime started on 1 April 2015 and will run until 2018. 50% of this grant has been allocated to Registered Providers with the remaining 50% to be allocated through a Continuous Market Engagement process during the remaining period.
- 3.2 The Council also provides grant funding which is made available through the Council’s Capital Programme. This funding is drawn from the Right to Buy sharing agreement with Aster, from S106 Agreement commuted payments for affordable housing and from the remaining Large Scale Voluntary Transfer receipt.

Table 2: Examples of recent grant payments by the Council .

Scheme & RP	Dwellings	Amount agreed for TV funding
Highlands Road – Aster	6	£125,000
Roman Way – Aster	12	£300,000
Rosalind Hill House – Aster	13	£140,000
Braishfield - Hyde	9	£135,000

- 3.3 The Council works with six main RP development partners. These arrangements will be reviewed during the course of the year. The current partners are Aster, Hyde, Radian, Sentinel, Sovereign, Spectrum registered providers. It could be argued that a formal Partnership has less value than previously, as in most situations, developers may choose which RP they wish to work with. The Council would continue to seek to influence this decision taking into account the RP's track record, costs and local management arrangements. Because the RP is far less reliant on grant funding from the Council or HCA, the choice of RP ultimately rests with the developer.
- 3.4 The Council also belongs to the HARAHA Partnership (Hampshire Alliance for Affordable Housing). The Partnership was established in 2005 to promote rural affordable housing and secure funding which could be used flexibly, from the Homes and Communities Agency. This year HARAHA celebrates its 10th anniversary and this is being celebrated by a bus tour in July around Test Valley, showing interested parish councils and members completed and on-site schemes. To date the Partnership has completed 321 homes with 9 schemes in Test Valley.
- 3.5 Opportunities for residential development will continue to come forward through the new Local Plan. In addition, windfall sites will continue to be pursued by RPs where it is viable to do so. Provided schemes remain financially viable, a significant new housing supply will be enabled through the Local Plan process and the Council will continue actively to enable these developments through effective partnership working.

4 New policy developments and pressures

- 4.1 The Government continues to be concerned about the relatively low level of housing completions across the country achieving about half the level of housing that is actually required. To encourage developers, the Government has made it possible for developers to challenge local authorities over the extent of the affordable housing required through S106 Agreements on the grounds of the financial viability of schemes. There are therefore two main reasons why developing affordable homes is becoming more difficult:
- a) changes to National Planning Policy Guidance which means that fewer affordable homes will be able to be secured through small sized rural developments, and
 - b) challenges to the Council's affordable housing planning policies on grounds of financial viability. Increasingly developers are seeking to vary planning approvals and agreements to provide a contribution of (up to) 40%.

- 4.2 This is in addition to the all too frequent opposition from people who often support the need for more housing, so long as it is not near where they live.
- 4.3 In view of this, new computer software has recently been purchased to enable the Council to assess the viability of developers' proposals and any challenges they may be mounting.

5 Initiatives

- 5.1 A number of initiatives continue to be progressed aimed at increasing the supply of affordable homes both on a temporary and permanent basis.
- 5.2 The Welfare Reform changes which include the Benefit Cap and Spare Room Subsidy arrangements have resulted in greater demand for smaller sized properties. As a consequence new affordable housing developments aim to include a higher proportion of one and two bedroom properties.
- 5.3 Close working with private landlords will become an ever increasing priority as the Universal Credit arrangements begin to be rolled out in Test Valley, from September 2015. The Council hosts a very successful Private Landlords Forum on a quarterly basis attended by approximately 50 landlords and letting agents and relies significantly on private landlords making their accommodation available to people on the Housing Register. This relationship will become more pressured as benefit payments are paid direct to the tenant and not the landlord under Universal Credit.
- 5.4 The Council continues to work in partnership with Aster Communities who operate a private sector leasing scheme and through this 87 properties are let as temporary accommodation to homeless households. In addition, the Council provides rent deposit loans to approximately 90 homeless households per year to assist them to obtain private rented accommodation.
- 5.5 Rural affordable housing development remains a priority for the Council. The Council continues to be an active partner within the HARAH Partnership. Rural schemes at Braishfield and Ampfield are currently on-site and with the relevant parish councils, possibilities and being explored at Goodworth Clatford, Michelmersh and Timsbury and West Tytherley.
- 5.6 A different process has been adopted at Broughton where a community led approach has been followed. The Parish Council and local ward member has taken the lead supported by a team of officers from the Council. Although labour intensive initially, it is hoped that through the village taking the lead through local democracy, the critical debate about whether or not to develop a scheme will be among the villagers themselves based on firm evidence of need and affordability. It has been less focused on the Borough Council's planning and housing assessment role.
- 5.7 The process at Broughton has not been without its difficulties, evidenced by resignations and subsequent elections at the Parish Council. However, the election acted as a local referendum on the subject and the four new parish councillors elected, favoured the development. It is anticipated that a planning application will be submitted this year.
- 5.8 Another area under investigation is whether the Council can through investment of its capital resources achieve an improved revenue income. This work is being conducted through the corporate *Project Enterprise* officers' group. One of the work-streams concerns housing and whether the Council can achieve the 'double benefit' of increased income and increasing the supply of residential accommodation. Although no immediate opportunities have been identified so far, this matter will remain under active consideration.

6 Hampshire Home Choice

- 6.1 Members frequently raise the issue of people from outside of the Borough, being housed in Test Valley. The Council is one of five local authorities within the Hampshire Home Choice partnership, the others being East Hampshire, Eastleigh, Havant and Winchester. The Partnership was established to streamline the housing waiting list, nominations and allocations processes through adopting a common Allocations Framework across originally four council areas (Eastleigh joined after Test Valley), achieve economies of scale through sharing the same computer system and with the exception of Eastleigh, allowing greater freedom of movement for applicants and tenants within the councils' areas.
- 6.2 The Hampshire Home Choice Board closely monitors the progress of the Partnership and reviews policy arrangements as necessary. The issue of cross-boundary moves was investigated at an early stage and the decision taken to limit the number of potential moves within council areas. This was because there was a growing imbalance of moves between some areas (particularly into Winchester's area). As a consequence, a 10% cap was introduced amounting to approximately 40 vacancies per local authority per year. In reality, the number of cross- boundary moves is significantly lower than that, as local applicants can also bid for properties available for cross-boundary moves. Between December 2012 and January 2015, 299 general needs properties across the four participating authorities have been let cross-boundary. 78 properties have been let in this way in Test Valley, with 65 being let to households with a Test Valley connection and the remaining 13 vacancies being let to applicants from Winchester, East Hampshire and Havant council areas. When comparing Test Valley's inward and outward migration figures during the same period, there has been a net loss of ten vacancies.
- 6.3 The following information provides a very brief explanation of the key points.
- Policy
The Hampshire Home Choice Allocations Framework is the jointly agreed policy framework governing the individual allocation policies of East Hampshire, Eastleigh, Havant, Test Valley and Winchester councils. All nominations and allocations in Test Valley are made in accordance with the Test Valley Housing Allocation Policy.
 - Housing Register
There are 2,268 applicants registered on Test Valley's Housing Register, all of whom are inadequately housed and have a need to move to suitable accommodation.
 - To be eligible for the Test Valley Housing Register, applicants must prove that they have a local connection with the Borough (this will include some applicants who live outside of the Borough but who work in Test Valley or have close family connections with the Borough).
 - New housing developments such as Abbotswood are subject to local lettings policies and initial lettings are not available for cross-boundary moves.
 - Rural exceptions sites and other rural vacancies are all subject to strict local connections criteria as stated within the Council's Allocation Policy.
 - Cross boundary moves
Up to approximately 40 vacancies per year are made available for cross-boundary moves by those applicants without a local connection to Test Valley. These vacancies are also available to households with a local connection and as a consequence 83% have been allocated to local households.

- Review of Allocation Policy in respect of priority given to tenants under-occupying their homes
- Advice and assistance given to tenants impacted by welfare reform
- Greater emphasis placed on developing smaller sized affordable homes
- Tight control of cross-boundary moves under Hampshire Home Choice
- Revision to the Rent Deposit Loan Scheme
- Identification of empty homes and receipt of New Homes Bonus
- Review of the HARA Partnership Memorandum of Understanding
- Review of Council-owned land
- Investigation into the use of loans rather than grants to housing associations
- Efforts to progress village housing schemes where cross tenure subsidies may work
- Investigation into Real Estate Investment Trusts
- Initial consideration of potential further investment through council house building

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