

Affordable Housing Update

Introduction

This briefing paper refers to the new Housing Strategy adopted by the Council in November 2016 and provides an update for Members on the progress that is being made in the provision of new affordable homes by our partners and how these homes are being occupied.

The paper also refers to the pressures the Council is under in meeting its statutory obligations, new legislation that is in the pipeline and Government's proposals in the recently published Housing White Paper- *Fixing our Broken Housing Market*.

The Housing Strategy 2016-2019

The Housing Strategy supports the Council's Corporate Plan and one of its four themes: *Live - where the supply of homes reflects local needs*.

The Housing Strategy and the accompanying action plan is in turn based around four themes:

- a) the economy and responding to new legislation and guidance
- b) housing need
- c) housing supply and maximising affordable housing development
- d) neighbourhood planning and community benefit

In drawing up the Housing Strategy an evidence base was produced which provided a foundation upon which to develop the key recommendations and action plan.

The key challenges identified through the evidence base are summarised as follows:

- The average property price is 8.5 times the average salary for the area (2014)
- 2,250 households are living in unsuitable accommodation (all tenures)
- 77% of households have an excess of space for the number of residents.
- A need to increase the supply of smaller sized units to attract people needing and wishing to downsize.
- 189 long term vacant empty properties.
- An aim to deliver 200 new affordable homes each year.
- To increase investment in the private rented sector
- An ageing population that requires employers to be flexible in recruiting and retaining those over 65 years.
- The need for 'specialist' accommodation for older persons and increasing demand for aids and adaptations.
- Need to deliver the necessary level of housing, including affordable housing, to encourage and enable employees to live and work locally.

- The impact of Welfare Reform for the under 35s and lack of shared accommodation.
- Additional pitches for Gypsy and Travellers required.
- Approximately 1,970 applicants on the Housing Register.

Partnerships and Initiatives

The Council is involved in a number of important partnerships which help deliver affordable housing in the Borough and assist the Council with its statutory housing responsibilities.

- a) **Registered Providers (RPs)** – the key aim of this partnership is to deliver more affordable homes and to date it has been very successful. The Partnership currently comprises Aster, English Rural Housing Association (part of the HARAHA delivery consortium and replaces former partner Hyde), Radian, Sentinel, Sovereign (including Spectrum). These are the Council's preferred development RPs. The Council directs developers to these partners when discussing their affordable housing obligations. However, developers may choose to work with alternative RPs if they so wish.

Between 2011/12 and 2015/16 the Partnership delivered 1,268 affordable homes and the projected number of completions scheduled for 2016/17 is 243.

- b) **HARAHA** – this is the Hampshire Alliance for Rural Affordable Housing and has been in existence for over ten years. Following a competitive selection process in early 2016 a new provider consortium was appointed to work across the six council areas (Basingstoke and Deane, East Hampshire, Hart, New Forest, Test Valley and Winchester). The Consortium, known as Hampshire Village Homes is lead by Hastoe and includes English Rural, New Forest Villages, PHA (Petersfield) and Winchester Housing Trust. The process is assisted by the Rural Housing Enablers employed by Action Hampshire who work closely with the parish councils in assessing need, working with landowners and identifying preferred development sites.

Since its inception, HARAHA has developed 335 homes across the six districts which includes 75 in Test Valley.

- c) **Neighbourhood planning** – one of the four themes within the new Housing Strategy relates to working closely with communities and housing of varying tenures, so far, often seems to be a high priority. Current discussions with parishes are taking in place in Abbots Ann, Chilbolton and King's Somborne which may result in further HARAHA schemes being progressed.

- d) **Hampshire Home Choice** – this partnership involves East Hampshire, Eastleigh, Havant, Test Valley and Winchester councils. Hampshire Home Choice provides a common housing allocation framework and operates using the same Abritas computer system. The arrangement is managed the Hampshire Home Choice Manager employed by the Borough Council.

Applicants applying to any one of the five councils may only be considered for housing where they are able to establish a local connection with one or more of the authorities. In this way movement is restricted and is only lifted where properties are hard to let.

The Council is required by law to have its own housing allocation policy. This policy is fully compliant with the Hampshire Home Choice framework.

In 2015/16 581 housing allocations in Test Valley were made through Hampshire Home Choice and as at the end of February 2017 a further 464 allocations had been made in the current financial year.

- e) **Funding partnerships** – the Council is involved in a number of joint working arrangements relating to supported housing. The *Supporting People* revenue funding arrangements came to an end in March 2016 and a range of new contracts were put in place relating to young people, older people and services for people with disabilities, mental health and those considered to be socially excluded (homeless services).

The Council continues to provide a limited amount of revenue support to the Andover Crisis and Support Centre in respect of domestic abuse clients and the advice service the centre provides and to Two Saints Housing Association for the emergency homeless services they provide at Dene Court, Andover. Revenue funding is also provided to support the higher support and management costs of the families hostel in Junction Road, Andover owned and managed by Aster Communities.

One-off funding bidding opportunities are made available by the DCLG and the Council works closely where appropriate with the other Hampshire districts to secure this funding. Recent examples include funding to help prevent single homelessness through outreach and addressing rough sleeping and in February 2017, Test Valley will benefit from some of the £312,225 which has been allocated for services tackling domestic abuse.

- f) **Better Care Fund** - this fund is provided by the Government to support local authorities provide Disabled Facilities Grants and Loans. In 2016/17 the Council received an increased allocation of £937,000. This has meant that the Council has not had to draw so heavily on its own capital resources to pay for this largely means tested work. The Government's grant conditions allow a degree of flexibility, so in addition to being able to fund an increased number of adaptations, additional

Occupational Therapy support has been purchased to reduce client waiting times. The technical support provided by the Council will also be reimbursed and a contribution drawn to sustain the service traditionally provided by the Home Improvement Agency (this will be brought in-house with effect from April 2017).

- g) **Valley Housing Ltd** – for completeness, the Council’s housing company should be included, although the purpose of the company is to provide market rented homes and achieve a higher financial return for the Council’s investment, rather than providing affordable housing. However there may be opportunities to use the market rented housing as temporary accommodation for homeless families where it is financially effective to do so.

Performance

There are currently 1,928 Test Valley applicants registered for housing on Hampshire Home Choice. All of these applicants have a local connection with the Borough as defined within the Council’s Allocation Policy. Each year there are in the region of 500 allocations but with 91 applicants joining the register each month, it is essential that a healthy new build programme continues. In this way the size of the waiting list is at the very least, kept under control.

In addition, there is a need to ensure there continues to be low cost home ownership opportunities for those who can afford a smaller deposit, mortgage and the rent paid on the part of the property owned by the RP. The shared ownership register is managed by Radian under the *HelptoBuySouth* banner and there are currently 833 applicants (October 2016) registered requesting to purchase a property in Test Valley. A local connection is not a pre-requisite for joining the list, although when nominating applicants for village homes, preference is given to local people, provided there is a local demand.

Homelessness is increasing nationally and Test Valley is no different. Since 2013 the Housing Options Team has assessed 279 homeless applications, prevented 1,216 households from becoming homeless and a further 2,805 households have used the in-house triage advice service.

Affordable housing completions over the past five years are shown in the table below:

year	Affordable housing completions
2012/13	340
2013/14	159
2014/15	302
2015/16	247
2016/17	142 (to date)

Resources for new affordable housing

Funding for new affordable homes continues to be available from a number of sources. The Homes and Communities Agency (HCA) provides funding for rented and shared ownership homes where despite a greater reliance on funding through rents, an element of subsidy is still required to ensure they are affordable to people on lower incomes. This is a recent change from the previous Government's position which concentrated resources solely on home ownership.

The Council also retains an affordable housing capital programme and there is currently £2.4 m allocated to social housing. This funding is principally drawn from S106 Agreement contributions for affordable housing and funding received from Aster Communities from house sales as part of the Right to Buy sharing agreement formed as part of the Large Scale Voluntary Transfer Agreement (LSVT) back in 2000. It is intended that approximately £1.6 million will be used to help fund the proposed extra care scheme at Nightingale Lodge, Romsey.

New legislation and future challenges

The delivery of additional housing remains one of the Government's top priorities. As a result a Housing White Paper was published in February 2017 which lays out the Government's priorities and future housing legislative programme. Running alongside, the Homelessness Reduction Bill is currently going through Parliament and has reached the Housing of Lords' consideration stage without any significant amendment or opposition. It is envisaged this Bill will become law later in the spring and be enacted in early 2018.

The Housing White Paper '*Fixing our broken housing market*' covers strategic planning, housing delivery and diversification and improving ways for people to access a home. The White Paper is subject to a consultation process which ends on 2 May 2017.

The main affordable housing related issues in the White Paper are focused around the following:

- a) Encouraging the private sector through financial incentives particularly to small and medium sized enterprises, accelerated construction methods, promoting custom built homes and self-build and working with lenders to be more flexible and encourage institutional investors (pension schemes etc) to invest in housing.
- b) Greater flexibility of funding for RPs to include funding for rented homes as well as low cost home ownership. The provision of a new rent policy for RPs to give greater certainty to them about their rental income stream and borrowing power and encouragement for greater efficiency through more mergers and partnerships. The Homes and Communities Agency will be relaunched as *Homes England*.

- c) The Government is keen to see the growth in councils developing local housing companies but will expect social and Affordable Rent tenants to have the same legal rights of council tenants such as the Right to Buy. It will also encourage councils to release publicly owned land and will provide funding for small-scale infrastructure to enable this to happen.
- d) Providing a wide range of financial schemes to support people to gain access to owner occupation, such as the Help to Buy ISA, Lifetime ISA and Help to Buy equity loans.
- e) The White Paper indicates a change in direction where the proposed Starter Homes are concerned. Starter Homes will still be targeted to first time buyers but their inclusion in developments will be through local determination and form part of a 10% low cost home ownership requirement within schemes. Local connections will be able to be applied to starter homes in small villages.
- f) A regional pilot scheme for the extended Right to Buy for RP tenants is to be set up.
- g) The needs of older and disabled people are to become a statutory planning requirement.
- h) Revenue funding for supported housing will be included within the Better Care Fund. The allocation and distribution arrangements will be clarified in due course following the national consultation exercise which expired on 13 February 2017.
- i) Homelessness prevention will be addressed through the Homelessness Reduction Bill.

The Homelessness Reduction Bill – The Bill has passed its second reading in the House of Lords and legislation is likely to come into force in the spring of 2018. Under this legislation, councils will be expected to help all eligible people (all people not subject to immigration control), whether they are single or a family for the 56 days from the threat of becoming homeless. Those whose homelessness cannot be prevented within this 56 day period, will receive support for a further 56 days to help them secure accommodation.

Councils will be required to provide more extensive advisory services, to carry out full assessments of each case and agree a personalised development plan and continue to work with the applicant to implement those proposals. They will have legal duties to take reasonable steps to prevent homelessness and to relieve homelessness when it occurs, regardless of whether the applicant has a priority need for assistance.

Where councils secure accommodation for homeless people, they must ensure that it is suitable in terms of size, condition and location.

Within the assessment and decision making process, there will be seven points at which an applicant may seek a review of the actions and decisions taken by the local authority. It is anticipated that this will result in a significant increase in the number of review requests the Council receives with potential referral on appeal as far as the High Court.

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