

Shadow Executive

4 April 2007

Report of the Head of Housing Services

Maximising Investment Into The City For New Affordable Homes

Purpose

1. To provide an overview of the options open to the council to increase the level of investment into new affordable homes within the city.

Background

2. Investment into new affordable housing within the city comes from two main sources, Social Housing Grant (SHG) via the Housing Corporation (HC) and investment from the private sector via affordable housing delivered via planning gain.
3. Investment via SHG is in part restricted by the allocation of SHG to the North Yorkshire sub region, this is set by the HC via the 2 or 3 year investment rounds.
4. What is affordable Housing? The definition, in planning terms has been redefined by Planning Policy Statement 3 (PPS3) which defines affordable housing as:

“Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
 - Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.
5. City of York Council’s affordable housing policy has evolved over time and was last amended in 2005. At this point in time the policy was at the forefront of changes to increase the number of affordable homes built through planning gain. The policy currently states that we will seek to ensure, through negotiation and agreement, that proposals for all new housing developments of 15 dwellings/0.3 hectares or more in the urban area, and 2 dwellings/0.03 hectares or more in villages with less than 5000

population, will include affordable housing in line with the councils second housing needs survey dated April 2002.

6. In order to achieve the maximum reasonable proportion of affordable housing, the following targets have been set on all suitable allocated and windfall sites in York:
 - 45% for affordable rent, plus 5% for discounted sale, to address priority housing needs in the city. Where properties offered for discounted sale are not purchased it is appropriate that these are used for affordable rent,

Performance to date

7. An annual target for affordable housing is very difficult to set and meet because of the multitude of factors that can delay development. The council has set an annual average (assessed over a 3 year period) of 200 new affordable homes. It is important that this target is viewed over the 3 year period as there will be peaks and troughs on delivery but over the whole period it could average out at around 200 homes pa. A review of this rolling estimate is underway.
8. Performance over the last 4 years is shown below:
 - 2003/04 175
 - 2004/05 185
 - 2005/06 148
 - 2006/07 56
 - 2007/08 114 (Estimated)
9. The outturn figures reveal that for 2003/04 and 2004/05 we were close to the 200 target, but that in the following years the number of completions has been much lower. The reasons for this are:
 - The difficulty of forecasting completions from S106 sites as these are market led and not in the management nor control of the council;
 - It is difficult to predict the level of grant made available and hence the number of units more than 12 months ahead;
 - The introduction of the 50% planning gain policy saw a rush of applications at just under the threshold (apps for 24 homes) prior to it introduction;
 - Following the introduction of the policy, there have been fewer planning applications, as expected;
 - A shortage of CYC owned sites to bring forward – and increasing complications for those that we can.
 - Developments that had been negotiated for some years now have been delayed in coming forward. Examples of developments that could by now have been delivering homes in their first phases are:
 - The Barbican – 60 affordable homes
 - Germany Beck – circa 245 affordable homes
 - Derwenthorpe – circa 216 affordable homes
 - Hungate – circa 150 affordable homes

Options / Analysis

What can the council do to increase investment?

10. The delivery of new affordable housing is one of the councils key priorities as set out in the recently adopted Corporate Strategy.

“Improve the quality and availability of decent affordable homes in the city”.

11. The high level specification that sits underneath the priority identifies safe, secure, well maintained affordable housing as a basic human need. Good housing promotes health and well being, improves the appearance of neighbourhoods and helps build strong and confident communities. In contrast, poor housing is directly linked to ill health, low educational achievement, poverty and declining neighbourhoods. There are a number of key strategic issues that the priority seeks to address:

- Ensuring the council’s own housing stock meets the decent homes standard by 2010;
- Ensuring that the funding available for private sector improvements is directed in such a way as to ensure maximum gain for the city;
- Ensuring that York plays a central role in developing the regional and sub-regional affordable housing agendas;
- Analyse the impact of the 50% affordable target to ensure maximum investment into the city for new affordable homes;
- Review approaches to releasing land, both LA and private, for new affordable housing, considering the impact on stakeholders;
- Ensure that the size and type of any new affordable housing is aligned to the needs identified via the affordable housing waiting list;
- Ensure long term empty homes are brought back into use;
- Reducing homelessness and the number of people living in temporary accommodation.

12. In order to ensure that the council delivers on these key strategic issues an Officer Champion has been established, the Head of Housing Services is the Officer Champion.

13. The priority is also supported by a Delivery and Innovation Plan which sets out the work to be undertaken. Key actions from this plan that link to the delivery of new affordable housing are:

- To continue to make best use of planning policies to increase the number of affordable homes in the city;

- Increase the number of affordable homes built using planning policies and Housing Corporation funding;
- Work with the HC to deliver more affordable housing through SHG.

14. These actions will be achieved through:

- Establishing a cross cutting challenge group which will how and why we do things and to look for new ways of increasing investment into the city;
- Consider as an authority what we mean by 'best consideration' when looking at land sales;
- Complete the Housing Market Assessment and disseminate outcomes to all stakeholders;
- Ensure that the key strategic issues that this programme aims to address are imbedded in all service plans and where appropriate this priority being one of the Critical Success Factors;
- Consider options to use SHG to provide additionality on S106 sites;
- Develop opportunities to influence the sub-regional approach to affordable housing;
- Identify **all** publicly owned land in the city and consider opportunities for affordable housing developments;
- Identify opportunities to work with major businesses in the city who have major land assets which could be used to meet not only the wider city needs regarding affordable housing, but also the business needs to have quality affordable housing for their workforce;
- Consider the outcomes from the strategic economic review to identify any housing related barriers to delivering the city's economic strategy;
- As part of the analysis of the affordable housing policy, consider the opportunities to influence the type and mix of housing developed in the city to ensure that all new housing meets the needs of the city.

15. PPS3 also provides us with the opportunity to take a fresh look at the thresholds for new affordable housing via planning gain. PPS3 also sets out a number of Key points aimed at strengthening the role of planning in ensuring an adequate supply of new affordable housing.

- The statement gives authorities greater power in ensuring an increase proportion of affordable hosing on larger development sites;
- There is new emphasis on providing family homes with gardens;

- Local authorities will need to identify more appropriate sites for housing. Councils need to plan 15 years ahead;
- Local authorities will be able to set their own local standards for density and car parking.

Consultation

16. This report is for information only, any changes to council policy that may arise as a result of the work associated with maximising the investment into the city for affordable homes will be subject to detailed consultation.

Corporate Priorities

17. This report is for information only.

Implications

18. This report is for information only, implications that may arise as a result of work associated with maximising the investment into the city for affordable homes will be subject to further reports.

Risk Management

19. This report is for information only.

Recommendations

20. This report is for information only.

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Report Approved Date 27/3/07

Specialist Implications Officers - none

Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Annexes: None