

**Affordable Housing and the Credit
Crunch in the City of York –
Challenges and Opportunities**

A workshop facilitated by Icarus
7th November 2008



Affordable Housing and the Credit Crunch

Merchant Taylors Hall, York
Monday 10th November 2008

Group Members

Names marked with a * did not attend.

Group 1

Jonathan Gibson (JRHT)
Bill Hodson (CYC)
Paul Cordock
Derek Gauld (CYC)
Steve Dobson (Shephard)
Alison Leech (CYC)

Group 2

Nigel Ingram (JRHT)
Bill McCarthy (CYC)
Matthew Laverack *
Paul Stamp (CYC)
Peter Callaghan (Grantside)
Ruth Abbott (CYC)
Katherine Richmond (CYC)
Rick Deakin (Crosby Lend Lease)

Group 3

Richard Burnham (Home HA)
Ian Gillies (CYC)
Marcia Cunningham (GoYH)
Tom Brittain (CYC)
Neil Coxidge (Taylor Wimpey)
Becky Ward (CYC)
Naz Parker (Housing Corp)

Group 4

Christine Storrs (York HA)
Dilys Jones (CYC)
Ian McAndrew (Helmsley)
Philip Callow (CYC)
Damon Copperthwaite (CYC)
Abdul Ravat (Housing Corp)
Cllr Steve Galloway (CYC)

Group 5

Tim Weightman (PfP HA)
Cllr Tracey Simpson-Laing (CYC)
Lillian Coulson (Persimmon)
Dave Caulfield (CYC)
Dale Robinson *
Graham Tissiman (CYC)
Ian Rich (Yorkshire)

Group 6

Paul Atkins (Yorkshire HA)
Bill Woolley (CYC)
Abigail Davies (CIH)
Andy Kerr (CYC)
Peter Morris (Barratt) *
Peter Hill (Hogg the Builder)
Steve Waddington (CYC)

Group 7

Rodger Till (Tees Valley HA)
Mike Slater (CYC)
Roy Dodson (Barratt) *
Paul McCabe (CYC)
Jackie Roach (Taylor Wimpey)
Martin Grainger (CYC)

In November 2009, York City Council invited a range of stakeholders (private developers, social housing providers, strategic partners, elected members and Council officer) to attend a workshop to examine the impact of the credit crunch on affordable housing. The event, which was well attended, was designed and facilitated by Helen Bovey and Nicola Stenberg from the Icarus Collective, an independent company that specialises in designing and managing workshops of this kind.

Icarus used participative methods to get people talking and share ideas in relation to the workshop objectives. A small part of the session involved presentations, but mostly participants were working with each other in small discussion groups to achieve the objectives set out below. This report presents the ideas/thoughts/suggestions put forward by participants during the group exercises.

Workshop aim:

To consider how to maximise the availability of decent affordable homes in York in this era of the 'credit crunch'.

Objectives:

By the end of the session stakeholders will have:

- Shared experiences about the impact of the credit crunch on the availability of affordable housing in York
- An understanding of affordable housing need in York
- Explored ideas for addressing the affordable housing need in York within the current context

Running order:

9.15 Arrival : tea, coffee and pastries

9.30 Welcome and introductions

Impact of the credit crunch on affordable housing

The current and future affordable housing need

10.45 Break

11.00 Addressing the needs – ideas and solutions

12.45 Close

Exercise 1:

Small group work to examine the impact of the credit crunch on affordable housing from the perspective of 4 stakeholder groups:

- **City of York Council**
- **People in need of affordable housing**
- **Providers of affordable housing**
- **Developers**

Groups examined these perspectives in terms of both positive and negative impacts.

In what ways has the credit crunch impacted on Affordable Housing:
from the perspective of **DEVELOPERS**

Positive Impact

- Good deals – good time to buy land (but can't get finance)
- Market readjusting to what customer wants (not high density flats)
- Look at more varied products e.g. shared equity – depends on developers though
- Made developers focus on 'affordable housing'
- More creative solutions from private rental market
- RSL delivery and funding availability
- Previous constraints on mix / type may be negotiable
- Opportunity for positive dialogue with LPA's
- Opportunity to look at fresh approaches
- Slowed only in York (more buoyant than other parts of UK)
- More opportunities to build for market rent?
- Access to public funding
- Much depends on position of developers – how far they've got as to what their options are
- Prices of housing dropping – more affordable – market conditions
- Land values dropping / availability x 2
- Housing Corp looking at new options / approach to grants
- Drop in interest rates (if you can get finance) x 2
- Tender prices – better deals
- We like building affordable housing now!
- Labour & materials falling (not big impact)
- Causing a debate – generate solutions / discussions

Negative Impact

- Financial recession
- Affordable housing policy 50% not working
- No developers buying new land
- No investments – not available – rely on lending
- Can't shift existing stock / Unsold homes x 2
- Lack of mortgages x 2
- No confidence in lenders re: value of property
- Lack of RSL funding resulting in site closure
- Loss of profits / redundancies – site closures
- Delivery – focus of policy previously on development industry
- Other policy impacts may be put to one site e.g. CSH / BREEAM
- Pressure on build costs
- Quality if housing may suffer “creating slums of the future”
- Mono-tenure estates
- Negative land values & housing land being held
- Loss of skills & industry – how to improve market if we lose skills base x 3
- KEY No income / cash flow
- Massive redundancies / unemployment x 4
- No apprenticeships / new jobs x 2
- Sites closing x 2
- Reduction in all housing numbers
- Reduction in affordable units
- Impact on environment
- Impact on other industries
- Loss of business
- Using crunch as justification to challenge AH policies
- Share values suffering x 2

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|--|---|
| | <ul style="list-style-type: none">- No affordable through S106 – market- Timescales to get things moving again |
|--|---|

In what ways has the credit crunch impacted on Affordable Housing:
from the perspective of DEVELOPERS

Positive Impact

Negative Impact

- 50% policy – difficulties linked here
- No planning – not building because selling
- Reduced selling prices due to insolvencies
- Having to refinance – Banks want debt levels reduced – harder to gain finance
- Landbanking – can't free up land
- Finance issues for RSLs / developers as well as individuals

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In what ways has the credit crunch impacted on Affordable Housing:
from the perspective of

SOCIAL HOUSING PROVIDERS

Positive Impact

- Different packages available (from developers)
- Developers easier to work with
- Right to buy
- Reducing cost of land (where people prepared to sell) x 2
- Bargains to be had as developers lowering expectations
- Greater support from Housing Corporation – but for how long?
- Properties sold at a reduced rate x 2
- Buying house from Private Sector more cheaply
- Revisit low cost ownership
- Increased Government funding
- RSLs move to DLOs
- Construction skills
- Most assoc. can weather the crunch but some relying on cross subsidies are struggling
- Not losing homes through council house sales
- Opportunity for housing associations
- No/few voids
- More small scale landowners are considering releasing sites to release capital that wouldn't have done previously
- Corporation is more flexible to assist providers (efficiency targets reviewed etc.)
- Willingness to resolve issues from housing associations
- More opportunity to purchase from development housing
- Stock availability
- Providers rethink their business – development still / provider
- Opportunity for policy eligibility and new ways

Negative Impact

- Less movement (people staying in social rented) and not moving within social sector
- RSL's suffering from lender problems – can't sell stock (similar to developers) x 2
- Right to buy
- Land being held x 2
- Fewer lenders willing to lend against affordable housing products – Reduced take up – Reduced income x 4
- Reduced capacity to build houses / buy houses
- Rent arrears x 2
- Repossessions
- Increased waiting lists
- Homelessness on rise
- Reluctance to sell at reduced prices
- Section 106 issues – Lack of policy flexibility, delivery x 3
- Surplus stock
- Mothballing sites
- Increased workload due to demand
- Loss of RSL's
- Increased risk from exposure to shared ownership
- Had an inability to deliver low cost ownership x 2
- Need to look at other options as AH not being built. Subsidies are not so available x 2
- Can't take risks
- People taking up housing can't access funding / borrowing
- Lack on income to CYC
- Poorer mobility of movement
- Product may not be what is needed (spec /

of working / different products	size) Life term costings
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In what ways has the credit crunch impacted on Affordable Housing:
from the perspective of **SOCIAL HOUSING PROVIDERS**

<u>Positive Impact</u>	<u>Negative Impact</u>
<ul style="list-style-type: none"> - Developers suggesting Affordable Housing delivered first - Get more capital from schemes (short term) - Using existing stock – ensuring right people in right housing stock - Opportunity for RSL’s to buy - Whole blocks of properties – better management functionality - Easier to recruit Development & Maintenance Staff - Different methods of building? Long term perhaps 	<ul style="list-style-type: none"> - Difficult to create ‘balanced’ communities if this occurs – don’t want massive estates of AH - Move away from “pepperpotting” - Solvency of associations (HC perspective) - May but substandard stock - Lack of options to move people into i.e. (2 bed flats) - Haven’t sold council stock – lack of money input. Not selling land either - To deliver housing in the current market it may be being built to lower standards – long term maintenance issues - Mortgage rescue

In what ways has the credit crunch impacted on Affordable Housing:
from the perspective of CITY OF YORK COUNCIL

Positive Impact

- This year – looking at meeting affordable housing targets (in pipeline)
- Buy stock from developers who can't sell
- More of a level playing field – helping developers not to go bust
- Land values high but coming down x 2
- Expect house prices to come down
- Look and think more innovatively – more options for delivery – reviewing policy – would be beneficial even in good economic climate x 3
- Makes CYC question the affordable policy – is it flexible enough?
- Rebalancing the housing market
- Issues rather than numbers – looking at delivering in different ways e.g. private rented sectors
- How to define Affordable Housing – might help us generate a 'local' definition & policy model
- Fresh opportunity to open dialogue especially re Section 106 & viability
- Opportunity to purchase properties cheaply but balanced with CYC needs
- Intermediate or rent to buy – other flexibilities
- Opportunity to review rent levels
- Opportunity to look at maximising stock we've got
- Raised profile of affordable housing
- York better placed than some to weather the storm – due to our diverse economy, tourists etc. and house prices declining slower
- If long term prices coming down, more people

Negative Impact

- Houses not being delivered – not meeting housing need – general & affordable targets x 4
- Impact on local economy
- Expectations from public going up & government (how to meet targets?)
- Land prices still too high to build social housing
- Affordable housing not top of political agenda any more
- Increased demand for council housing – including some who would traditionally 'own' x 3
- Section 106 – harder to negotiate
- Increase in 'land banking' to weather the storm
- Increased risk with 'discount for sale'
- Number of homeless householders rising x 5
- Pressure on waiting lists x 2
- Access to mortgage DFS
- Increased workload
- Lower delivery of affordable units – policy focussed on development industry to deliver – note other demands on development industry e.g. BREEAM
- CYC revenue stream drying up. RTB phased out
- 2008 will meet affordable housing target but won't in subsequent years (affordable & general)
- Increased pressure on financial budget – housing benefits, B&B accommodation x 2
- Increase in arrears

<p>may come to live in York</p>	<ul style="list-style-type: none"> - Reduced income form planning application fees x 2 - Planning staff laid off - Delays in Peasholme Centre - Reduction in capital income
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In what ways has the credit crunch impacted on Affordable Housing:
from the perspective of CITY OF YORK COUNCIL

<p><u>Positive Impact</u></p>	<p><u>Negative Impact</u></p>
	<ul style="list-style-type: none"> - Don't want to go back to zoned areas – mixed use communities x 2 - Planning applications reduced – reduced small sites coming through – less wider benefits for communities - Already high demand for affordable housing – flow has stopped – increase demand - Reviewing when CYC brings sites forward or wait? Need a capital receipt (financial impact on CYC!) and no market at present

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In what ways has the credit crunch impacted on Affordable Housing:
from the perspective of

PEOPLE IN NEED OF AFFORDABLE HOUSING

Positive Impact

- Market corrections – house prices dropping (flats especially) x 5
- Developers building less apartments which will benefit family needs for accommodation – more likely for houses to be built
- Possible increase in funding streams by government in response to crunch – knock on effects for those in need
- More localised work being carried out – identifying specific needs groups (e.g. Rural) – targeting funding more specifically
- First time buyers able to buy houses “reduced prices” – if can get mortgage
- More buy to let (mortgage)
- More private rented rather than sell x 2
- Price of renting is reducing
- Prices of new schemes are coming down
- Some realism over what people can afford
- Government rescue packages
- Opportunity for housing providers to offer more
- Developers and authorities working together – looking at policies and becoming innovative
- Good time to buy or move up size of house
- Lots of housing not being shifted – opportunity for affordable housing (RSL) - Lots of empty stock. Developers build for different market.
- More impetus from AH – may kick-start market

Negative Impact

- New affordable homes not being built x 2
- Mortgage lenders dropping out – takeovers etc.
- National picture rather than York – decisions made at national level – smaller local lenders?
- Waiting lists getting longer
- Repossession x 3
- Less movement – people staying in social rented houses – goal posts changed – need deposits
- Dev. Value property different to mortgage lenders valuation
- Rental markets strong – rents going up
- Availability of mortgages – strict criteria
- RSL’s building less (shared ownership – exposed to greater risks)
- Existing funding gap for RSL’s could worsen
- Choices – people may want to stay in property but unable to afford it
- Rising numbers of homeless households x 2
- Prices in private rental market not falling > lack of demand as more people looking for council housing / RSL
- Reduced availability of appropriate properties x 2
- Increased risk of unemployment – further impact on availability
- Increase in arrears
- Overcrowding
- Mental Health issues
- Family breakdown
- Educational problems
- Buy to let
- More people in need of AH
- People improving – not moving, less properties being freed up
- Land prices falling – people not selling for

	development – hanging on to land
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Exercise 2:

Individuals generated individual ideas about solutions for moving forward on addressing affordable housing issues within the current climate.

These points were grouped into several themes. Each theme was unpicked in more detail and specific solutions discussed and noted.

All participants were then invited to give an indication of their level of support for each solution (NB: there is some suspicion that some people 'voted' more than once for their preferred solutions. The numbers recorded however do not suggest that this happened to any significant degree and it has probably not affected the overall picture of the results).

- **Planning policy**
- **Supply of stock / land**
- **Tenure types**
- **Finance for individuals and for organisations**
- **Types of housing**

There will be some overlap between and across the range of solutions discussed. The results noted here are as they were produced by the groups. It should also be noted that two groups worked on both of the first themes and there may be direct duplications of solutions generated.

In addition 2 further generic solutions were identified, together with a range of individual points:

- **Joint working**
- **Intelligence**

Overarching solution:

TYPE OF HOUSING (individual points raised)

<ul style="list-style-type: none">- New building forms to provide housing which is cheaper to build and buy- Flexible government / housing policies re: types of properties	<ul style="list-style-type: none">- Build different types of housing stock – “the £60,000 House”- Cheaper market housing (but not quality). Flexibility in application of policy	<ul style="list-style-type: none">- Size, types of affordable housing to be built to meet need i.e. not 5 bed exec. Houses – build more 2/3 bed family housing- Innovative, cheaper housing module design solutions
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**Overarching Solution:
TYPE OF HOUSING**

Solution number 1: Starter Homes

1. What is the solution?

Starter home discounted for sale “£60,000 house” (doesn’t cover land cost)

2. How will it help?

- 60/40 split – 60% you buy
- Allow people to buy house not flat?
- Problem – CYC/RSL would have to own land to be able to deliver significant numbers
- Long term good quality product
- Buying in bulk brings costs down for developers
- System built module houses
- Ikea homes

3. Who should lead?


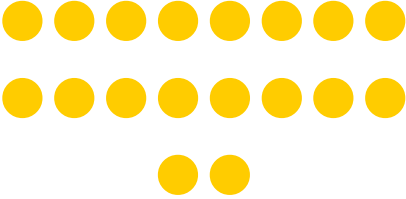

Architects?
Designers e.g. Wayne Hemingway

4. Who else should be involved?

- Integrate prospective buyers
- General community – taught skills to build own home (self build)

5. Resource implications?

INDICATION OF SUPPORT

<p>I fully support this</p> 	<p>I think this could work with some adjustments</p> 	<p>I don't support this</p> 
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**Overarching Solution:
TYPE OF HOUSING**

Solution number 2: Different levels of affordability

1. What is the solution?

Different levels of affordability. (Next stage from £60,000 house)

- £120k etc.
- Level of equity? %? – Increase opportunity as house prices increase – level of equity needs to come down

2. How will it help?

- Up to planning policy to be flexible
- Approach lower quartile or decile?
- Would help first time buyers who in the past could afford private house
- Encourage people to buy to max – staircase up / down
- Problems with eligibility – key workers etc.

3. Who should lead?


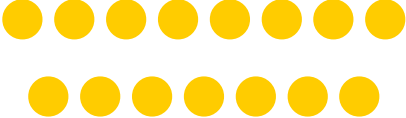

Council / RSL Partnership

4. Who else should be involved?

Developers
Architects

5. Resource implications?

INDICATION OF SUPPORT

<p>I fully support this</p> 	<p>I think this could work with some adjustments</p> 	<p>I don't support this</p> 
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Overarching Solution:
TYPE OF HOUSING

Solution number 3: Lower value land

1. What is the solution?


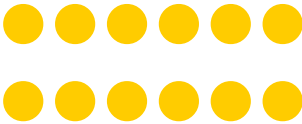
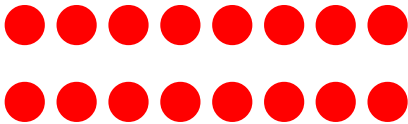
- Build in areas where land value lower i.e. not city centre (may not work in York)

2. How will it help?

- Can still have quality home but cheaper to build as costs less to buy land
- Long term solution especially in York – LDF
- Shouldn't compromise mix / type
- ECO town debate

3. Who should lead?	4. Who else should be involved?	5. Resource implications?
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INDICATION OF SUPPORT

<p>I fully support this</p> <p align="center"></p>	<p>I think this could work with some adjustments</p> <p align="center"></p>	<p>I don't support this</p> <p align="center"></p>
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Overarching Solution:
TYPE OF HOUSING

Solution number 4/5: Under occupation

1. What is the solution?

- Build new homes according to need (HMA)
- Rural housing (elderly) – resist leaving locality – nowhere for them to downsize – HMA ward specific
- Remodel assets we already have living over shop

2. How will it help?

– Homes provided in right areas

3. Who should lead?

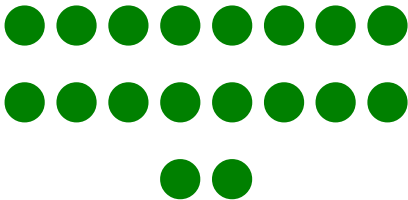
Landlords - remodel

4. Who else should be involved?

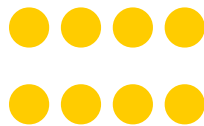
5. Resource implications?

INDICATION OF SUPPORT

I fully support this



I think this could work with some adjustments



I don't support this

Overarching Solution:
TYPE OF HOUSING

Solution number 6: Boost private rented sector

1. What is the solution?

- Boost private rented sector as alternative to ownership – longer term option rather than interim

2. How will it help?

- Cheap rent – move on with money saved
- Reduce number of temporary accommodation
- Discharge duty – homeless – cheap rented

3. Who should lead?

Council could provide package

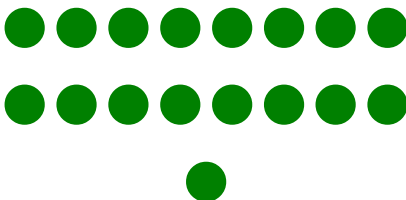
4. Who else should be involved?

- Private owners
- Private landlords association

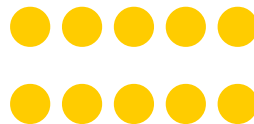
5. Resource implications?

INDICATION OF SUPPORT

I fully support this



I think this could work with some adjustments



I don't support this



Overarching solution:
SUPPLY OF STOCK / LAND (individual points made)

<ul style="list-style-type: none"> - Make better use of existing housing stock - CYC or RSL utilise option of buy back mortgage repossessions (adequately funded) - 'Under occupation' of council housing (older people) – create alternative opps? (but care re commits / contacts – design around social networks - Money made available (naturally) to buy up housing stock for social use - Central Government to free up unused public land for affordable housing - Consider setting up a single social lettings agency to oversee all housing options for customers 	<ul style="list-style-type: none"> - Free public land from public authorities - Councils funded to build own affordable housing to meet demand - Review council housing stock – consider demolition & rebuilding more homes on same sites - More LA funded housebuilding - Council given powers to acquire land for social housing - Keeping an eye on the number of 'empty' properties – use of – low numbers at the moment - Buying from existing housing stock 	<ul style="list-style-type: none"> - CPO (compulsory purchase) land to build housing that meets the need of the SHMA - Over-occupation as a route towards delivering affordable housing – freeing up housing for people in need - Investigate under-occupation in CYC / RSL stock and match development to meet demand - Incentives from land banking to be stopped as it inflates value - Demolish existing low density, poor quality council stock and redevelop with higher density and quality housing
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**Overarching Solution:
SUPPLY OF STOCK / LAND**

Solution number 1: Regeneration of existing stock

1. What is the solution?

- Asset management audit
- Identification of needs
- Feasibility of options e.g. increased density, better layout, better use of land
- Deliver agreed option

2. How will it help?

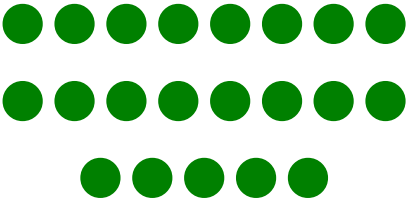
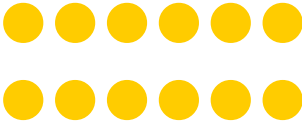
- Driver – increase number of units
- Secondary – improved environment

3. Who should lead?

4. Who else should be involved?

5. Resource implications?

INDICATION OF SUPPORT

<p>I fully support this</p> 	<p>I think this could work with some adjustments</p> 	<p>I don't support this</p>
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Overarching Solution:
SUPPLY OF STOCK / LAND

Solution number 2: Supply of new stock

1. What is the solution?

- More flexible use of public subsidy e.g. mortgages for discount sale provided by LA or RSL using public subsidy to purchase land equity investment, guarantee schemes

2. How will it help?

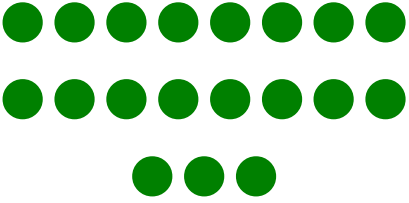
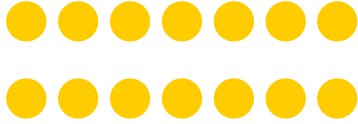

- Developments will progress
- Ensure mixed tenure schemes

3. Who should lead?

4. Who else should be involved?

5. Resource implications?

INDICATION OF SUPPORT

<p>I fully support this</p> 	<p>I think this could work with some adjustments</p> 	<p>I don't support this</p> 
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Overarching Solution:
SUPPLY OF STOCK / LAND

Solution number 3: Single lettings agency

1. What is the solution?

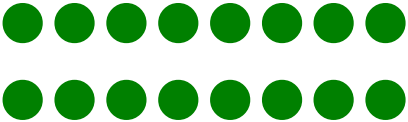
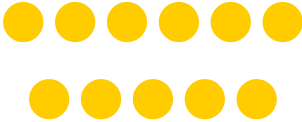

- Professional service to provide information for all social & private landlords
- Holistic approach
- Identify problem areas
- Improved knowledge of alternative tenures particularly sale products
- Work with landlords to bring empty homes back into management

2. How will it help?

- More choice for customers
- Better understanding by landlords
- Clarity / access

<p>3. Who should lead? Partnership</p>	<p>4. Who else should be involved?</p>	<p>5. Resource implications?</p>
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INDICATION OF SUPPORT

<p>I fully support this</p> 	<p>I think this could work with some adjustments</p> 	<p>I don't support this</p> 
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Overarching Solution:
SUPPLY OF STOCK / LAND

Solution number 4: Make land available

1. What is the solution?

- Local authority giving the land away / cheap sales
- Problems – where's money coming from to sustain public services? – is this practical from an authority position?

2. How will it help?

- Generate more housing more quickly

3. Who should lead?

Local Authority

4. Who else should be involved?

- RSL's
- Developers

5. Resource implications?

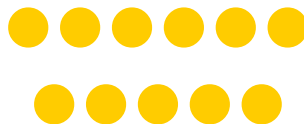
Funding incentives to enhance move

INDICATION OF SUPPORT

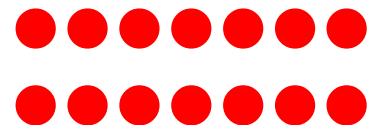
I fully support this



I think this could work with some adjustments



I don't support this



Overarching Solution:
SUPPLY OF STOCK / LAND

Solution number 5: Under occupation

1. What is the solution?

- Letting policy that prioritises people accordingly

2. How will it help?

- Incentive / opportunities
- Right product needed
- Lifetime solutions
- Free up family housing

3. Who should lead?

Local Authority

4. Who else should be involved?

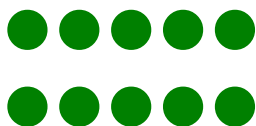
- RSL's
- Developers

5. Resource implications?

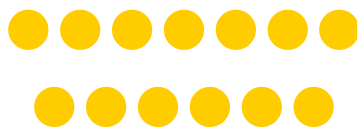
Funding incentives to enhance move

INDICATION OF SUPPORT

I fully support this



I think this could work with some adjustments



I don't support this



Overarching Solution:
SUPPLY OF STOCK / LAND

Solution number 6: Review LA housing stock

1. What is the solution?

- Review council housing stock – demolition / rebuilding? – rebuilding more homes on same site

2. How will it help?

- More stock on piece of land
- Higher quality housing
- ECO issues addressed
- Opportunities for mixed communities
- Reduced impact of green belt
- Local targets / needs
- Joint venture arrangements – sharing risk

3. Who should lead?

Council led with partner
Special purpose vehicle

4. Who else should be involved?

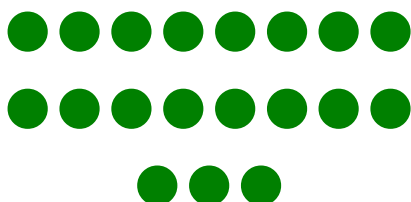
- Buying in CYC departments as well as partners

5. Resource implications?

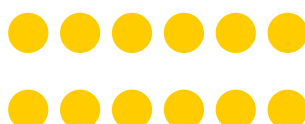
- Managing process for Council
- Loss or gain financially??
- Role of Housing Corp

INDICATION OF SUPPORT

I fully support this



I think this could work with some adjustments



I don't support this



**Overarching solution:
PLANNING POLICY (individual points made)**

<ul style="list-style-type: none"> - Deliver a sliding scale of availability i.e. review 50% provision of AH - A delivery system flexible enough to work in buoyant & falling market i.e. grant where needed + 'taxing' market through planning gain where possible - Consider green belt areas for AH (+ community use) to promote delivery - Developers could deliver a better mix of AH. If the CYC policies were flexible and not rigid - Develop a variety of development 'models' – S106 empty homes, joint ventures - Planning policy & S106 contributions - Reduce reg '6's for affordable housing but claw back in future years when profits go back up - Revise affordable housing delivery policy downwards 50% of nil = nil, 30% of something is worth having 	<ul style="list-style-type: none"> - Clarify objectives (planning gain in advance) - Land tax to replace affordable housing percentage in the planning system - Flexible policies - Proactive work by council to find sites that can come forward and to keep master planning on track for when economy is better - Skilled intervention to create demand for market sales – use public investment in services + social housing to make vibrant area people are confident to invest in - Consider capital contribution from developers as opposed to policy of private / social integration – use contributions to provide council housing - Speed up the planning process – LDF's (certainty for developers / RSL's etc.) 	<ul style="list-style-type: none"> - Lowering thresholds / % of AH on sites - Need proper dialogue re <u>total</u> viability of S106 packages (not affordable housing in isolation) - Flexible approach by council to a) peppercorn, b) 50% policy, c) mix of AH on each site - Building to need – i.e. houses not profit, buy to let - Suggestion:- CYC should amend its affordable housing policy requirements as follows; 0-14 dwellings urban 0 / rural 0; 15-24 dwellings urban 0 / rural 25%; 25+ dwellings urban 25% / rural 25% 1. First 14 (rural) & first 24 (urban) to be provision free - Alternative Suggestion:- CYC affordable targets to be amended as follows; 0-3 dwellings urban 0 / rural 0; 4-12 dwellings urban 0 / rural 33%; 13+ dwellings urban 25% / rural 33%. First 3 rural and first 12 urban are provision free
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Overarching Solution:
PLANNING POLICY

Solution number 1: Review current affordable housing policy

1. What is the solution?

- Review current policy on affordable homes
- Reduce levels to pre April 2005 (25%) (current 50% target – problem with land values) (must include sliding scale)

2. How will it help?

- (Going forward – perhaps not existing agreement)
- Improve viability – bring more housing forward
- Allow developers to plan viability better
- May help developers reduce prices for private purchasers

3. Who should lead?

CYC

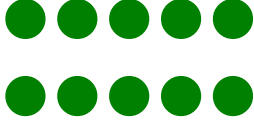

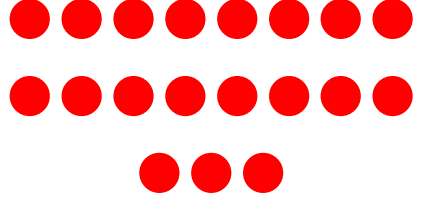
4. Who else should be involved?

- Central Government Assist – LA

5. Resource implications?

- Where would resources come from if not planning??

INDICATION OF SUPPORT

<p>I fully support this</p> 	<p>I think this could work with some adjustments</p> 	<p>I don't support this</p> 
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Overarching Solution:
PLANNING POLICY

Solution number 2: Free up more building land

1. What is the solution?

- To free up more ("Green" undeveloped land) for building

2. How will it help?

- Easier & quicker to develop on undeveloped land compared to Brownfield
- Cheaper? Than Brownfield
- Be able to provide different type of housing

3. Who should lead?

Council

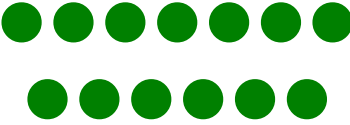
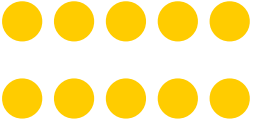
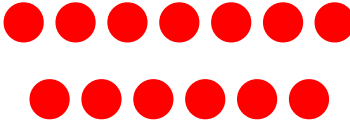
4. Who else should be involved?

- Landowners / Stakeholders
- Public opinion

5. Resource implications?

- No additional implications

INDICATION OF SUPPORT

<p>I fully support this</p> 	<p>I think this could work with some adjustments</p> 	<p>I don't support this</p> 
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Overarching Solution:
PLANNING POLICY

Solution number 3: Review policy on types of housing

1. What is the solution?

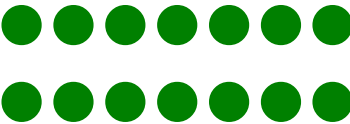
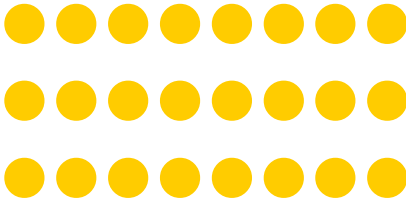
- Reviewing policy about the types of affordable housing (5/6 bed houses for example)
- (also off-site provision)
- Flexibility required
- (Re-negotiating current section 106 arguments)

2. How will it help?

- Would provide more suitable properties for affordable housing, so developers are able to provide e.g. 1 x 5/6 bed exec home = 3 x 2 bed townhouses
- Be market appropriate when deciding on types of AH build

<p>3. Who should lead? - CYC!!</p>	<p>4. Who else should be involved? - Developers</p>	<p>5. Resource implications? -</p>
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INDICATION OF SUPPORT

<p>I fully support this</p> 	<p>I think this could work with some adjustments</p> 	<p>I don't support this</p>
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Overarching Solution:
PLANNING POLICY

Solution number 4: Review current S106 obligations

1. What is the solution?

- Review current 106 obligations – where existing policy is preventing Affordable Housing completing early / first

2. How will it help?

- Bring forward completion of AH

3. Who should lead?

- CYC / Developers – put forward proposals

4. Who else should be involved?

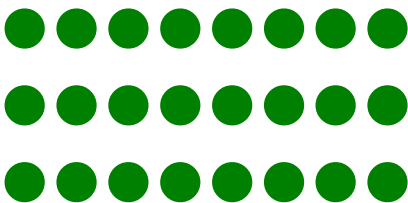
- RSL's

5. Resource implications?

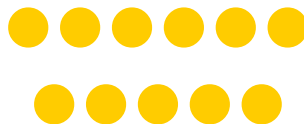
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INDICATION OF SUPPORT

I fully support this



I think this could work with some adjustments



I don't support this



Overarching Solution:
PLANNING POLICY

Solution number 5: Offsite developments

1. What is the solution?

- Payments to allow offsite affordable housing developments which could then concentrate on the qualitative rather than quantitative
- Perhaps a mix of off + on site?

2. How will it help?

- Deliver more appropriate to need homes

3. Who should lead?

- CYC

4. Who else should be involved?

- Developers & RSL's

5. Resource implications?

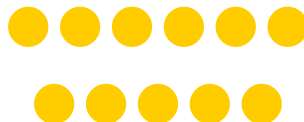
- Land
- Where off-site?

INDICATION OF SUPPORT

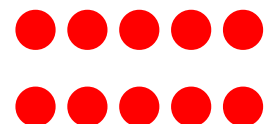
I fully support this



I think this could work with some adjustments



I don't support this



Overarching Solution:
PLANNING POLICY

Solution number 6: Land tax

1. What is the solution?

- Some of the cost of building transferred to point of sale of the land (land tax?) to contribute
- Making sure that money goes back into the AH / Developments

2. How will it help?

- Gives certainty to development appraisal
- Contributes to cost of AH
- Confidence to move forward

3. Who should lead?

- CYC

4. Who else should be involved?

- Government Office HMCA

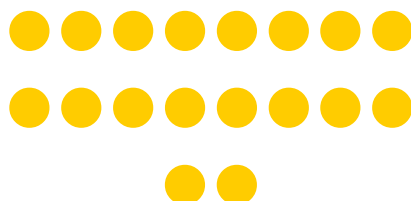
5. Resource implications?

INDICATION OF SUPPORT

I fully support this



I think this could work with some adjustments



I don't support this



**Overarching Solution:
PLANNING POLICY**

Solution number 7: Review current policies

1. What is the solution?

- Change of affordable housing targets / policy
- Look at 50% target
- Understanding of policy by all parties (clarification)

2. How will it help?

- Help developers know fixed costs
- Bring forward sites that developers may otherwise walk away from
- Clear up misunderstandings

3. Who should lead?

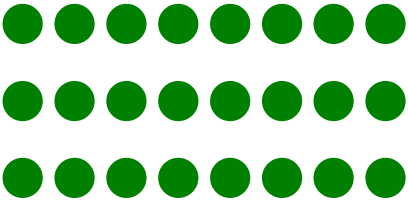


- CYC

4. Who else should be involved?

- All relevant parties

5. Resource implications?

INDICATION OF SUPPORT

<p>I fully support this</p> 	<p>I think this could work with some adjustments</p> 	<p>I don't support this</p> 
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Overarching Solution:
PLANNING POLICY

Solution number 8: Free up building land

1. What is the solution?

- Council facilitating land allocations
- CYC owned land freed up to help meet targets

2. How will it help?

- Land value = maximum planning gain / affordable housing

3. Who should lead?

- CYC

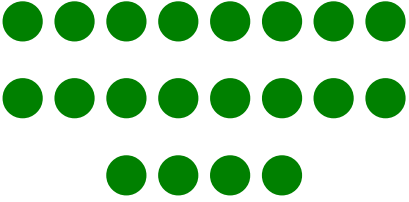


4. Who else should be involved?

- All relevant parties

5. Resource implications?

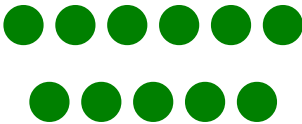
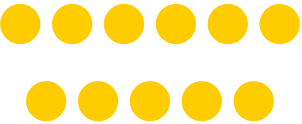

- Writing off land assets

INDICATION OF SUPPORT

I fully support this 	I think this could work with some adjustments 	I don't support this 
Overarching Solution: PLANNING POLICY		
Solution number 9: Robust policies		
1. What is the solution? <ul style="list-style-type: none">- Affordable housing as part of planning gain package priority?- Robust policy		
2. How will it help? <ul style="list-style-type: none">- Balancing costs- Greater flexibility- Greater understanding or priorities		

<p>3. Who should lead?</p> <ul style="list-style-type: none"> - CYC / Partnership 	<p>4. Who else should be involved?</p> <ul style="list-style-type: none"> - <u>All</u> relevant parties 	<p>5. Resource implications?</p> <ul style="list-style-type: none"> - Outsourcing of a study
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INDICATION OF SUPPORT

<p>I fully support this</p> 	<p>I think this could work with some adjustments</p> 	<p>I don't support this</p> 
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**Overarching solution:
TENURE OPTIONS (individual points raised)**

<ul style="list-style-type: none"> - Flexible tenure opportunities - Flexible tenure – options for ownership going up as well as down – but dependent on Housing Corporation funding to RSL's - Look at opportunities to buy properties "off the shelf" from developers - Purchase to rent on open market (either new build or empty property) 	<ul style="list-style-type: none"> - More flexible financing + shared ownership / discount ownership products - Cultural shift away from thinking everyone should be or has a right to be a homeowner - Developers build more smaller properties at sale at market rents 	<ul style="list-style-type: none"> - Incremental purchase - Developers look at building properties for rent or rent to buy - Rent to buy - Flexibility of tenure to allow social rent – intermediate rent – home ownership with new development delivered at social rent level
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**Overarching Solution:
TENURE OPTIONS**

Solution number 1: Flexibility of tenure

1. What is the solution?

- Flexibility of tenure – understanding best option
- Sell to RSL
- Incentives to encourage people to move out large house with low occupancy
- People should have choice, not be expected to buy (not attainable for all)
- Policies at national level

2. How will it help?

- Help to maintain stability of tenure

3. Who should lead?

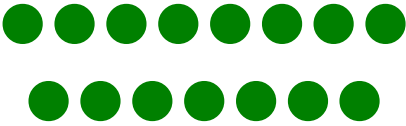
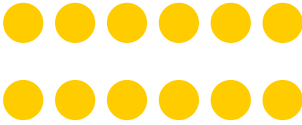
- Partnership
- Legislation?

4. Who else should be involved?

- Councils
- Dev Finance Institutions
- Housing Association
- Political Support

5. Resource implications?

INDICATION OF SUPPORT

<p>I fully support this</p> 	<p>I think this could work with some adjustments</p> 	<p>I don't support this</p>
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Overarching Solution:
TENURE OPTIONS

Solution number 2: Intermediate rent

1. What is the solution?

- Intermediate rent (within a range set according to local needs / targets) Range would help to be able to deliver in different circumstances.

2. How will it help?

- Changing culture and having finance to do it / deliver
- Intermediate rent would bring in different range of tenants
- Subsidising funded intermediate rent
- Creates flexibility for schemes

3. Who should lead?

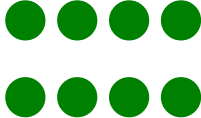
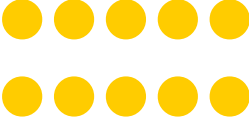

4. Who else should be involved?

- Financial market
- Funding agencies
- Local Authorities
- Developers? Risk too great?

5. Resource implications?

- Public subsidy

INDICATION OF SUPPORT

<p>I fully support this</p> 	<p>I think this could work with some adjustments</p> 	<p>I don't support this</p> 
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Overarching Solution:
TENURE OPTIONS

Solution number 3: Incremental purchase

1. What is the solution?

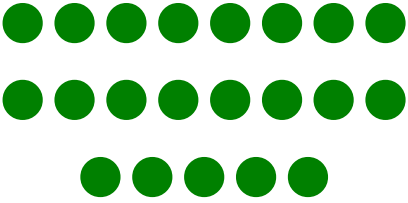


- Rent to buy / incremental purchase
- No policies at present – would need policy to implement it

2. How will it help?

- Helps people unsure if they can buy (short term solution). Raises money. Different models (Cornwall) but relies on people buying short term

<p>3. Who should lead?</p> <ul style="list-style-type: none"> - Developers - Housing Associations 	<p>4. Who else should be involved?</p> <ul style="list-style-type: none"> - Councils - HCA - Lenders 	<p>5. Resource implications?</p> <ul style="list-style-type: none"> - Not tried and tested - Potential to raise money
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INDICATION OF SUPPORT

<p>I fully support this</p> 	<p>I think this could work with some adjustments</p> 	<p>I don't support this</p> 
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**Overarching Solution:
TENURE OPTIONS**

Solution number 4: Tenure flexibility

- 1. What is the solution?**
- Tenure flexibility for Housing Association owned property
 - Let at social rent (or intermediate rent)
 - Long term view

2. How will it help?

- Not social housing – housing could be sold so attractive to investors who can then sell on
- Helps to manage risk long term because investment in equity growth

3. Who should lead?

- Government – as against national policy currently

4. Who else should be involved?

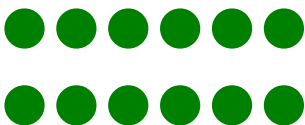
- Councils
- RSL's
- Lenders
- (Everyone)

5. Resource implications?

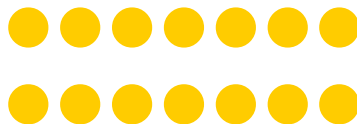
- Privately funded

INDICATION OF SUPPORT

I fully support this



I think this could work with some adjustments



I don't support this

Overarching Solution:
TENURE OPTIONS

Solution number 5: Buying off the shelf

1. What is the solution?

- Buying 'off the shelf'
- Needs to be in the right location + right price + decent standard

2. How will it help?

- Deliver more affordable housing
- Increased consumer confidence
- Increased liquidity in developer markets (would this be long term?)

3. Who should lead?

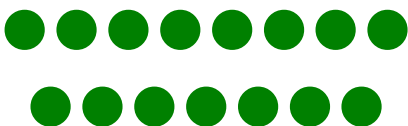
4. Who else should be involved?

5. Resource implications?

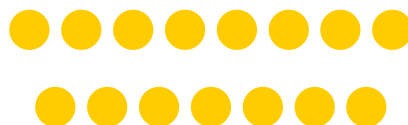
- Housing corporation CD
- Fund acquisition

INDICATION OF SUPPORT

I fully support this



I think this could work with some adjustments



I don't support this



Overarching solution:

FINANCE – FOR INDIVIDUALS AND FOR ORGANISATIONS

(individual points raised)

<ul style="list-style-type: none">- Council to provide mortgages- Making funds available. Local partnership between mortgage lenders / House Builders / RSL / Local Authority- More public (Government) finance to kick start new house building- Public underwriting of mortgage risk- Set up affordable housing mortgage company supported & funded by Government – ensures mortgages for affordable housing	<ul style="list-style-type: none">- Equity investment by the public sector- Council could consider commuted sum payments in lieu of provision site to use to lever in Housing Corp. funding to schemes- In York het HC grant into affordable housing asap- Keeping people in own homes through mortgage rescue etc.- 'Financial' solutions re flow of money – mortgage access – money for RSL's – 'bridge' finance for developers	<ul style="list-style-type: none">- More money available in grants etc.- Provision of mortgage indemnities / guarantees – desirable people to get normal mortgage by guaranteeing the risk of default- More creative use of public subsidy- 'Homesteading' preferential loans for people buying to refurb – so can compare in bottom of market with builder / buyers- Money for RSL's to buy rehab (street properties)
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**Overarching Solution:
FINANCE**

Solution number 1: Equity investment

1. What is the solution?

- HCA Model. Grant used as equity investment – funds start up phase infrastructure
- Backed up by alternative grants on smaller sites

2. How will it help?

- Delivery on larger schemes
- Quality improved?
- Predominantly LA owned sites
- 'Transformational' regeneration

3. Who should lead?

- LA Focus
- Housing Corp


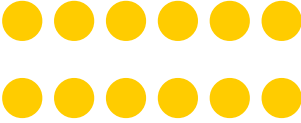

4. Who else should be involved?

- Landowners
- English partnerships

5. Resource implications?

- As LA owned site, reduces opportunity for alternative development opportunity
- Targets - HCA

INDICATION OF SUPPORT

<p>I fully support this</p> 	<p>I think this could work with some adjustments</p> 	<p>I don't support this</p> 
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**Overarching Solution:
FINANCE**

Solution number 2: Mortgage access

1. What is the solution?

- Issue – cash flow & mortgage access including developer finance
- Example – LA underwriting % of mortgage?
- Shares equity / tenure diversification
- Rent – buy
- Incremental home ownership

2. How will it help?

- Lessening risk
- Rent can part fund mortgage payment

3. Who should lead?

- Local Authority


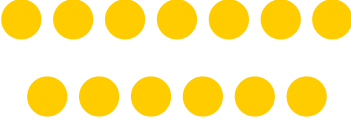

4. Who else should be involved?

- RSL
- Banks / Building societies

5. Resource implications?

- Risk – LA funding less secure loans

INDICATION OF SUPPORT

<p>I fully support this</p> 	<p>I think this could work with some adjustments</p> 	<p>I don't support this</p> 
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Overarching Solution:
FINANCE

Solution number 3: Under occupation

1. What is the solution?

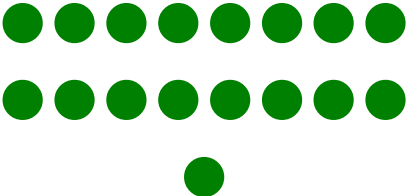
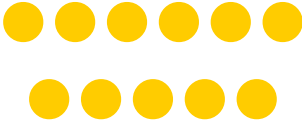

- Making better use of under occupied properties e.g. older person households – sheltered accommodation

2. How will it help?

- Makes housing (family homes) available to the wider market

<p>3. Who should lead?</p> <ul style="list-style-type: none"> - Local Authority 	<p>4. Who else should be involved?</p>	<p>5. Resource implications?</p> <ul style="list-style-type: none"> - Not resource based but question as to how to encourage people to move - Issue of choice
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INDICATION OF SUPPORT

<p>I fully support this</p> 	<p>I think this could work with some adjustments</p> 	<p>I don't support this</p> 
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Overarching Solution:
FINANCE

Solution number 4: Central funding

1. What is the solution?

- Potential for LA's to draw down more central funding in partnership – Link to LSP

2. How will it help?

- Linked regeneration possibilities
- Healthcare / retail to fund housing element of scheme

3. Who should lead?

- LSP Board

4. Who else should be involved?

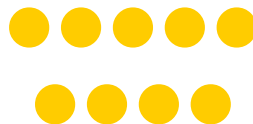
5. Resource implications?

INDICATION OF SUPPORT

I fully support this



I think this could work with some adjustments



I don't support this



Overarching Solution:
FINANCE

Solution number 5: Improved understanding of financial products

1. What is the solution?

- Improved understanding of financial products
- Identifying the correct individual to explain – one answer / common response
- One regional contact

2. How will it help?

- Current difficulties in securing finance / delays – particularly for private individuals – informed choices
- Clarity would improve confidence & outcome
- Lenders would explain lower risk options e.g. discount for sale product

3. Who should lead?

- RSL's
- Banking industry

4. Who else should be involved?

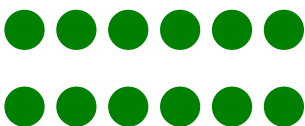
- Property industry

5. Resource implications?

- Low risk

INDICATION OF SUPPORT

I fully support this



I think this could work with some adjustments



I don't support this

Generic Solutions not dealt with in detail during the workshop

<h3>Joint Working</h3> <ul style="list-style-type: none"> - True joint venture developments between councils housing associations + private sector - Turn council tenants into customers for developers - Developers / RSL's work together to deliver their sites and share skills - Strategy for private rented sector - New ways of working with private sector landlords - Joint ventures with LA, RSL and developers working with the Homes & Communities Agency - Working with developers and looking towards new ways to provide A Housing for the future - Use of the private rental sector – closer working relationship with landlords, letting agents in the private rented 	<h3>Other Generic Points</h3> <ul style="list-style-type: none"> - More social housing over private housing – change on emphasis of need. Removal of stigma. - Government / Council really strong (BOLD) leadership / priority housing. Like after WWII - Using opportunity of slowing urban development to gain further support for rural affordable schemes - Affordable housing should be available for all who want as a choice - Establish robust infrastructure for developments - Government intervention re realistic land values, realistic rents - Be ready for the upturn - Measures to revert acute housing needs - Debt advice / info - No short term fixes (less than 5 years) that leave problems for the long term (remember tower blocks?) - Better understanding on the wider impact of the credit crunch on affordable housing – people not moving
<h3>Intelligence</h3> <ul style="list-style-type: none"> - Set clear affordable housing definition for York - Review of what we mean / define by housing need – who are CYC/RSL customers? - Have realistic needs surveys rather than treat the city as one 	

Next steps

In terms of taking this initiative forward, there is significant value in continuing to harness the energy and commitment made by stakeholders in agreeing to attend and participating in the workshop. At the very least Icarus would recommend that the City of York Council sends attendees a thank you letter, including a summary report (key headlines for example or if this is not possible then the full report would suffice) and a statement about 'what happens next'. However the opportunity now exists to continue working with this group and a range of options exist about how you might want to take this forward, for example:

- hold a series of 'technical session' workshops where people are invited to work in more detail on proposals for addressing the AH need
- hold a follow up workshop in 6 months time to update on progress
- send out a periodic bulletin of progress

Critically, this is an opportunity to build on and create new strategic partnerships, and we would strongly recommend that the workshop is not seen as a 'one off'.