

Housing Strategy Review

1. Progress against current strategy

Priority 1 Maximising supply of local homes

- Local Plan adopted. CIL & SPD adopted January 2016.
- Gypsy & Traveller transit site established.
- Affordable housing targets on track and delivery is broadly in line with SHMA

Affordable homes 2013/14-2014/15	Target (2 years)	Delivered
Market quota	220	260
Additional	60	120

- Market housing – On the majority of sites 35% of market homes are one or two bedroom and 50% are three bedroom in line with SHMA recommendations in an effort to retain young working households. However, this is a major issue for some developers & we are being continually challenged on it, as developers prefer to develop larger more profitable houses. One appeal was successful and three have been lost. Consequently we need to update the Strategic Housing Market Assessment (SHMA) to provide more current evidence. This is planned as part of the Local Plan review.
- New intermediate affordable housing policy adopted to allow a more flexible approach to providing low cost home ownership options.
- Partnership arrangements reviewed and now reflect the need to have a more flexible partnership with a range of providers.
- Homefinder - 177 households placed in the private rented sector over the 3 years up to 31st March 2015, resulting in reduced bed & breakfast costs, increased tenancy sustainment and taking pressure off the housing waiting list.

Priority 2 Effective use of existing stock

- Allocations scheme has been reviewed to include the Rural Allocations Policy.
- Encouraging downsizing has received limited success
- Stock condition survey completed
- Private Sector Housing Strategy going to Cabinet in March 2016.
- National space standards introduced but need to be adopted (through Local Plan review) by CDC if it is to be implemented.
- Parity Trust Loans – 5 loans to low income owner occupiers over the last 2 years, to enable essential repairs to keep properties fit for occupation.

- Disabled Facilities Grants – 219 grants have been provided over the last 2 years. The environmental housing team have worked closely with Hyde and other registered providers so that they now make a greater contribution towards the works. They have also worked with housing options to identify more suitable accommodation and consequently the annual budget has been reduced from £1.1m 2 years ago to £0.85m in 2014/15 with no reduction in customer satisfaction.
- Effective use of temporary accommodation to maximise financial efficiency to balance high occupancy and rental income with flexibility to provide emergency accommodation.

Priority 3 Enabling local people to find their own solutions

- Web site updated to give information on a range of options
- Employers advised of housing options
- Housing staff trained on all options
- Homeless Strategy – focus on prevention & assisting households to resolve their housing issues
- Good practice developed in respect of benefit changes
- These actions have all contributed to reducing both the housing waiting list and the number of homeless applications.
- Support to local communities in identifying their housing needs and meeting their needs through affordable housing working groups and neighbourhood plans.

Priority 4 Providing additional support for those most in need

- In excess of 40 tenancies sustained since 2012 through Homefinder and work with housing support services including MyKey, Richmond Fellowship, Stonepillow and Think Family. These are all tenancies which required additional support or otherwise could have resulted in homelessness and a higher cost to the council.
- Targeting of Discretionary Housing Payment
- 5 additional units for homeless leaving hospital provided by Stonepillow with grant from CDC.
- Continuing work with Sussex authorities to work with homeless 16/17 year olds
- Partnership working with SHORE to reduce single homeless people services and rough sleepers.
- Need more evidence on the range of accommodation required to meet the needs of older people and disabled through a new SHMA & working with WSCC.

2. Arising Local issues

- House prices continue to increase. Chichester has one of highest income to house price ratio outside of London. Decreasing affordability is hitting first time buyers and first-time buyer houses are frequently bought by property investors / second home owners.
- Increasing need for private rented accommodation due to the ability to discharge homeless into the private rented sector and the move from owner occupation to rented accommodation for young people leaving home in high cost areas.
- Increasing need for intermediate housing such as shared ownership and shared equity due to very high income to house price ratio, the competition from private investors and the need for a wider choice of alternatives to owner occupation to accommodate key workers to support local economy and growth.
- Reduced housing register – more difficult to match supply and demand. Need to ensure that new affordable housing is meeting the needs. There is particular need for 1 bedroom for young households, larger one beds for downsizers, 2 bedroom houses (rather than flats) and bungalows in central locations near to amenities with option of care package.
- Allocations based on meeting highest need do not necessarily result in mixed sustainable communities.
- Less social rents as Registered Providers (RPs) convert to affordable rents. Affordability of affordable rents (80% of market rents/LHA levels, 60% in London) to households on the register is questionable.
- High rent levels putting pressure on the housing benefit bill and DHP.
- Benefits cap will render large homes unaffordable. An issue for existing larger families. Also registered providers are reluctant to build larger properties due to affordability and viability issues.
- Many of larger registered provider partners are no-longer pursuing small sites.
- SDNP & many rural communities are only looking to develop small schemes of around 6 units and wish to work with smaller more local organisations.
- It is becoming increasingly difficult to develop in the SDNP due to the difficulty of identifying sites acceptable to SDNP. Also RPs have less resources and are generally unwilling to develop small sites.
- There are a significant number of hard to let properties in Hyde's stock including outdated sheltered schemes such as Cobden House and Wells House in Midhurst – CDC are working with their asset management team to ensure full value of their assets is realised in meeting the district's housing needs.
- Small and medium sized builders are at risk of insolvency due to escalating labour and construction costs, cash-flow issues and the draw of skilled labour to London.
- Aging population and associated care needs.

- Private sector housing stock condition survey identified significant number of households living with excess cold and fuel poverty.
- Registered housing providers becoming more remote and less locally accountable e.g. recent issues of service charges and maintenance.

3. Arising national issues

Recent government planning policy affecting housing

- Higher affordable housing threshold of 10 units (5 in SDNP & AONB, but commuted sums only on 5-10 units). Local plan amended prior to adoption in line with the then government policy which has now been withdrawn.
- Introduction of starter homes exception sites but no requirement for affordable housing or CIL.
- Permitted development rights – no affordable housing
- Custom & self-build register to be developed and planning policy to take account of assessed demand.
- The government have introduced a new planning requirement for planning authorities to assess the needs of older people.
- A national space standard – adoption is optional but need evidence of need and viability is required.
- Vacant building credit was introduced to improve viability and delivery. It effectively reduced the affordable housing on brownfield sites with existing empty buildings as the affordable housing quota could only be applied to the net increase in floor space. This policy has now been withdrawn following a High Court ruling but DCLG have been given permission to appeal.

The Housing & Planning Bill

- Build 200,000 new starter homes (80% of market value) for first time buyers under 40. This includes proposals to count starter homes as affordable housing and to prevent councils from insisting on the delivery of affordable rented housing on market sites. This will potentially undermine the council's ability to negotiate and deliver affordable rented housing on market sites. The Council is currently expecting just over 20% of all new housing on strategic, allocated and windfall sites to be provided as affordable rent.
- Extend the Right to Buy policy to housing association tenants. This will mean the housing association tenants will have the same incentives as council tenants to purchase their house.

<p>35% on houses (50% on flats) after 3 years residency then from 5 years a further 1% (2% for flats) discount for every year up to a maximum of 70% of value or £77,900 whichever is the lower.</p>
--

Tenants, who can't afford to buy their home through RTB, may still be able to buy a share of it through Social Homebuy. Many RPs are predicting a loss of up to 25% of their stock over the next 5 years and although they have committed to the replacement of the lost social stock on a one for one basis within two years, (otherwise the receipts go back to government) it is extremely difficult to see how this will be achieved without extra funding from government. Government have also agreed that replacement properties do not have to be affordable rent. They can be shared ownership or starter homes. It currently appears that it will be up to the housing association as to whether they impose restrictions on rural homes. Given that rural properties in Chichester have such high values and are more costly to manage and maintain, this may prove to be an incentive for some registered providers to sell on their properties under this scheme. Government have said that this policy will be funded by the sale of empty high-value council homes, including stock transferred through LSVT agreements.

- Pay to stay - Tenants on higher incomes (over £40,000 in London and over £30,000 outside London) will be required to pay market rate, or near market rate, rents. This will encourage some tenants to take up the Right to Buy.
- De-regulation of registered providers including “rewriting the rules which see councils nominate the neediest tenants to association homes”, giving RPs greater control over who they choose to house.
- Double the number of custom and self-built homes by 2020 through a new Right to Build and potentially new duty to identify and provide sites.

Other national issues

- Rents for social housing will be reduced by 1% a year for 4 years from 1st April 2016. This is affecting the viability of the affordable housing contributions on market sites and the development capacity of registered providers. Hyde have advised that they will be seeking to provide an affordable housing split of 30% rented and 70% shared ownership, rather than CDC's current requirement (and SHMA recommendations) of 70% rent, 30% shared ownership. Affinity Sutton has advised that their development capacity will be reduced as a result of the rent cuts.
- The introduction of universal credit, reductions to the total household benefit cap to £20k/annum & cuts to welfare including removing the entitlement to housing support for those aged 21 or under and changing support for Mortgage Interest into a loan.
- Housing benefit for social tenants is to be capped in line with Local Housing Allowance (LHA) with single people under 35 without children restricted to claiming the allowance for a room in a shared house.

- Working-age benefits, including tax credits and Local Housing Allowance, will be frozen for 4 years from 2016-17
- Build 275,000 additional affordable homes by 2020. Affordable Housing Programme extended 2018-2020. This may potentially include starter homes and is currently the subject of government consultation.
- Introduce a Help to Buy ISA for first time buyers.
- Require councils to keep a register of brownfield land and ensure 90% of suitable brownfield land has planning permission by 2020.

4. Implications and key challenges for the next 5 years

- A substantial increase in starter homes and intermediate housing delivered by the market but this needs to be affordable to local households.
- A significant loss of affordable rented stock, especially larger family homes and homes in the rural areas. These will be difficult to replace.
- The council will have reduced nomination rights and less control over the allocations of new lets and existing stock.
- CDC will still have the same duties to house the homeless and vulnerable but fewer tools to enable affordable rented accommodation.
- It will become increasingly difficult to meet the needs of single vulnerable people under the age of 35 years old.
- A growing housing register and more pressure on advice and homeless services to rehouse those people in most need in the private rented sector.
- Market rents will continue to increase but with Local Housing Allowances and benefits restricted it will be harder for Homefinder to attract landlords.
- Vulnerable people living with excess cold.

5. Future priorities

- Strengthen evidence of local need and affordability including SHMA update to ensure the council has a current evidence base to support our housing requirements when negotiating section 106 sites and any appeal cases and to review appropriate mix of tenure and house sizes to meet future needs, including the accommodation needs of older people.
- Support opportunities for additional intermediate and keyworker housing to support the local economy and growth, ensuring that starter homes and intermediate housing provided are affordable to and accessible by local households.
- Implement a flexible toolkit of options for delivering housing focused on meeting the needs of local households unable to purchase, whilst making best use of the council's resources.
- Provision of advice and support to communities to identify need, sites and alternative options for the delivery of housing through specialist providers or community land trusts.

- Working with partner organisations to identify vulnerable young single people and find solutions to meet their housing need.
- To review the level of management charges with a view to extending Homefinder by incentivising and retaining landlords, to mitigate the effects of welfare reform.
- Develop schemes to help those with excess cold or in fuel poverty
- Set up custom and self-build register.
- Work with West Sussex and partners to ensure best use of DFG funds.
- Continue to work with partners to remodel / redevelop under used / hard to let properties to realise their full asset value in terms of meeting housing needs.
- Work with WSCC to identify sites suitable for older persons / supported accommodation needs (affordable and market).
- Support small-medium building contractors and encourage supply of skilled labour in the district, including the employment of apprentices and local labour in the district (developer's charter).
- Consideration of adopting national space standards through the Local Plan review. This will need to be evidenced by need and viability.
- Affordable housing targets to be retained as currently there is much uncertainty regarding the economy, future delivery and the impact of changes in government planning policy.

6. Future housing delivery and funding.

There is no one easy solution. A range of delivery mechanisms is required so that opportunities can be taken up as they come along. A comprehensive range of options have been considered as detailed in appendix 2. These largely fall into one of four delivery mechanisms.

(i) Market site delivery

In future affordable housing on market sites is likely to be delivered as:

- Starter homes
- Shared equity homes through private housing providers, such as Landspeed
- Developers may continue to work with registered providers but the focus will be on shared ownership, rather than affordable rent
- Developers may opt to deliver self-build or transfer land to a community land trust

Developers will choose the option which provides them with maximum profit and minimum risk.

CDC to:

- Maximise delivery of affordable rent wherever possible.

- Work to ensure affordability of starter homes and low cost home ownership to local people.

(ii) Registered provider delivery

This has been the main tool for delivery since the Council transferred its stock, as with most non-stock owning authorities. The housing partnership arrangements have recently been reviewed to ensure that the council now has a range of partners so that opportunities can be taken up as they arise. However, in future:

- There is will be very little government grant to subsidise affordable rented housing.
- Some registered providers will compete to purchase market sites with the intention of selling a proportion of market homes to cross subsidise the affordable housing but only a small percentage will be developed for affordable rent.
- Registered providers will be able to use recycled funds from the sale of affordable homes from the right to buy to fund new affordable housing but their focus will be on shared ownership and such funds will not be ring-fenced within the district
- The main developing registered providers are now focused on economies of scale and home-ownership. They are only interested in joint ventures on a large scale and where a local authority has land or stock for redevelopment.
- Only a few specialist registered providers are willing to develop small schemes.
- The main developing registered providers draw down funds on a huge scale and any CDC loan finance would have a secondary status.
- Any new affordable rented housing is likely to be subject to the Right to Buy and nomination right may not be guaranteed.
- Benevolent landowners are less willing to release land for affordable housing and communities less likely to support proposals for affordable housing if they can be lost to the market through the right to buy.

CDC to provide funding to registered providers as follows:

Commuted sums	<ul style="list-style-type: none"> • To convert shared ownership to rented units • To attract investment to meet specific local needs e.g. bungalows, disabled units, redevelopment of outdated or difficult to let housings. • To enable viability of small schemes (e.g. rural schemes and schemes with high design costs or additional amenity requirements) • Where grant would reduce rents to affordable levels, particularly in the case of larger family affordable rented homes.
---------------	---

Capital funds	<ul style="list-style-type: none"> Loans to small / local registered providers

(iii) CDC delivery

Consideration has been given to setting up a local housing company, either to deliver affordable housing, to realise profit for the council or as a joint venture with other authorities. However:

- Authorities involved usually have retained stock which can be used as collateral and redeveloped and land or stock. CDC previously transferred its stock to a housing company and now has neither stock nor land.
- CDC has limited capital resources and expertise.
- Open market land or property in the district is expensive.
- Local housing companies generally rely on availability of cheap land and economies of scale.
- New properties may be subject to the RTB.
- Housing companies are costly to set up. The input would be high for a relatively small number of homes and would involve significant risks.
- Joint venture partnerships are designed to pool resources to maximise output

CDC to progress discussions with WSCC and explore opportunities for joint working.

(iv) Community delivery

Community Land Trusts (CLTs) have the potential to provide affordable housing in small rural settlements in perpetuity with local control and accountability.

- There are examples of successful delivery in Cornwall, Devon, Cambridge and more locally, Wickham in Hampshire.
- Several communities in the district have expressed an interest in exploring this model of affordable housing delivery.
- Commuted sums received in lieu of affordable housing could be made available as grant.
- Capital funds could be used to provide loans at favourable rates.
- CDC funding could also help leverage other funds.

However this delivery model relies on having a group of individuals from the community with the necessary skills and commitment to make it happen.

CDC to give advice and support to those communities wishing to find out about community land trusts, working with Action in Rural Sussex and other specialist agencies.

CDC to provide funding to community land trusts as follows:

Commuted sums	<ul style="list-style-type: none"> To help fund purchase of sites To lever in investment and enable viability of small schemes
Capital funds	<ul style="list-style-type: none"> Development loans Long term loans

7. Proposed allocation of Capital Funding

Current use	Capital funding at 31 st March 2015 £	Proposed use	Priorities met and outcomes
Mandatory Disabled Facilities Grants (approx. £250,000 pa of CDC funds subject to government grant funding being maintained. Total budget c£750k pa)	4,426,400	Unchanged	Priority 2 This is a mandatory duty which enables disabled and elderly to remain independent in their own home.
Home Extensions and Conversions	157,323	Unchanged	Priority 2 This enables suitable accommodation to be provided for overcrowded families with member requiring disabled adaptations.
Under-Occupation Fund	25,796	Unchanged	Priority 2 This fund primarily enables disabled facilities grant applicants to move to a home that better meets their needs.
Discretionary Private Sector Renewal Grants and Loans (landlord accreditation scheme, decent homes, Parity loans, HomeFinder assistance, empty homes) Profiled at £150k pa to cover the Private Sector Housing Renewal Strategy period 2016-21.	836,788	Unchanged	Priority 2 These funds help to maintain the standard of accommodation in the district, so that the capacity of existing stock is maximised.
Rural Housing Partnership– committed	459,454	Unchanged	Priority 1 These funds will enable

funds			delivery of 15 new affordable homes.
Mortgage Rescue	42,641	Homeless Prevention Fund – to include homeless prevention measures required as a result of the welfare reforms	Priority 4 These funds will be used to prevent Homelessness and will save Council resources i.e. staff time, homelessness application, hostel space or bed& breakfast costs.
Affordable Housing Delivery Fund commuted sums within existing approved budget. Additional Commuted sums received since September 2013	627,613 743,675	Affordable Housing Grant Fund - Grant funding to registered providers and community land trusts for new affordable housing.	Priorities 1 & 3 These funds will enable 25-50 affordable new homes, depending on availability of government grant. They must be spent on new affordable housing.
Affordable Housing Delivery Fund CDC Capital	2,000,000	Affordable Housing Capital Fund Loans to Registered providers and community land trusts for new affordable housing.	Priorities 1 & 3 These funds will be used to create a recyclable loan fund to enable the delivery of affordable housing to meet local needs and also give the council an enhanced return on its capital. *
Equity Loan Scheme Part 2 (Parity Trust)	500,000	Affordable Housing Capital fund	Priorities 1 & 3 As above*
<i>Receipts from sale of Church Road site</i>	<i>TBA</i>	<i>Affordable Housing Capital Fund (as above)</i>	<i>Priorities 1 & 3 As above *</i>
Equity Loan scheme Part 1 -remaining funds (£50,000 committed to an equity but not yet spent)	202,875	To address excessive cold and fuel poverty working with the health & wellbeing team. Subject to further Cabinet report.	Priorities 2 & 4 The funds will address issues identified in the draft Private Sector Renewal Strategy to be set out in more detail in the final report to Cabinet.

Committed sums received in lieu of affordable housing must be spent on affordable housing delivery within 5-10 years, subject to individual agreements, otherwise the money must be returned to the developer.

Any spend over £50,000 will be subject to Cabinet approval.

Additional funds will be required for update of SHMA to support planning consultations & appeals, provide needs evidence & viability required to adopt

National Space Standards and to more fully assess the accommodations needs of older people. This will be included in the review of the Local Plan.