

PRINCIPAL SCRUTINY COMMITTEE

6 JUNE 2005

SCRUTINY REVIEW – AFFORDABLE HOUSING

REPORT OF THE AFFORDABLE HOUSING INFORMAL SCRUTINY GROUP

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RECENT REFERENCES:

None.

EXECUTIVE SUMMARY:

Principal Scrutiny Committee agreed in May 2004 to review the effectiveness of the Council's approach to tackling affordable housing, one of its agreed top priorities.

The Group took both written and verbal evidence on the current housing situation in the District, progress being made to provide more affordable homes and changes being made to funding regimes. It recognised that the Council had succeeded in increasing its provision of affordable homes in recent years but that there was still a considerable shortfall compared to the level of need in the District.

The Group acknowledged that tenants were unlikely to agree to a Large Scale Voluntary Transfer of the housing stock at this stage, which had potential to release significant new funds that could be used to provide more affordable homes. It also recognised that planning constraints meant that a major development north of Winchester would be premature at this stage. Within these limitations, the Group has made the following recommendations to Cabinet.

Since the Scrutiny Group carried out its work, the Government has announced further measures to promote home ownership. Details of these have only recently been received but the initial view is that they do not have any significant implications for the work carried out by the Scrutiny Group. These measures will be discussed with the Portfolio Holder and communicated further to Members as appropriate.

RECOMMENDATIONS:

1. That Cabinet be urged to consider increasing the amount of time the Rural Housing Enablers spend in the Winchester District in order to realise more rural sites and to conduct a strategy for rural homes.
2. That the new supplementary guidance to PPG3 on rural housing issues (January 2005) be closely examined to see where the Council can initiate rural exception sites on its own and in partnership with parishes.

3. That Cabinet is encouraged to continue its investment in capital to support the affordable housing programme.
4. That the issues raised in the Butlers Report of July 2004 be given a more extensive airing through a major discussion at full Council, or another suitable forum, on affordable housing to explore new ideas and raise members awareness on this key subject
5. That the Housing Performance Improvement Committee (or its successor body) is recommended to look at issues concerning the Right to Buy changes made recently by the Government.
6. That the Chief Executive be urged to prioritise the Urban Capacity Sites into those that may be available immediately, those in next five years and those in the longer term.

RELEVANCE TO CORPORATE STRATEGY

This review was undertaken to establish the degree to which the Council's strategic priority to provide more affordable housing is being met.

RESOURCES

Additional funding will needed to increase the amount of time that the Rural Housing Enablers can spend in the Winchester District. These posts are joint funded by a number of organisations. The additional cost required would depend on the amount of additional work to be undertaken and the ability to share costs for this with other partners.

The level of capital investment that the Council wishes to make to support affordable housing in the District will also need to be reviewed in light of changes to the funding system. These issues would form part of the discussion on the Butlers Report referred to in recommendation 3 above.

BACKGROUND DOCUMENTS

- Background papers and briefing notes for the Winchester City Council's Enablement Informal Members/Officers Working Group
- The Housing Corporation's paper on "Re-inventing Investment" which set out the new approach to its investment in housing.
- The Butlers Report of "Options for Affordable Housing".
- East Hampshire District Council's draft report on its Overview and Scrutiny Review of Affordable Housing
- Maidstone Borough Council's Report on Housing Need from its Overview and Scrutiny Committee (Housing Strategy and Regeneration).
- Minutes of the Meeting of the Affordable Housing Informal Scrutiny Group held on 3 December 2004, 10 January 2005, 8 February 2005, 14 March 2005

APPENDIX - Appendix 1 – Affordable Housing – Report by the Affordable Housing Informal Scrutiny Group



Winchester
City Council

**PRINCIPAL SCRUTINY COMMITTEE
REPORT**

**AFFORDABLE
HOUSING**

May 2005

SCRUTINY REVIEW – AFFORDABLE HOUSING

REPORT OF AFFORDABLE HOUSING INFORMAL SCRUTINY GROUP

1. Terms of Reference

- 1.1 Principal Scrutiny Committee decided on May 24 2004 to set up an informal scrutiny group to look at issues relating to affordable housing. The following were agreed as terms of reference for the Group:
- To investigate how current Winchester policies are being implemented and how many affordable houses have been achieved in the last two years.
 - To consider what are the barriers from being more successful in providing affordable housing.
 - While affordable housing is now a matter concerned with social housing rentals, it might be useful to look at what can be done to assist those who seek to buy their own home with a modest income.
 - To study the Adams Integra Report.
 - To study what other local authorities are doing to improve the supply of rental and owner-occupier affordable housing.
 - To bring together a report that considers planning and social issues as well as housing need.

2. Work schedule

- 2.1 Councillors Allgood, Davies, Hollingbery, Mitchell and Steel were appointed to the scrutiny group who agreed that Councillor Allgood would lead the process.
- 2.2 Meetings of the group were held on:
- 3 December 2004
 - 10 January 2005
 - 8 February 2005
 - 14 March 2005.

3. Evidence Collected

- 3.1 Evidence was provided in the form of the following written documents:
- Background papers and briefing notes for the Winchester City Council's Enablement Informal Members/Officers Working Group that met on five occasions between 11 June 2003 and 23 March 2004.
 - The Housing Corporation's paper on "Re-inventing Investment" which set out the new approach to its investment in housing.
 - The Butlers Report of "Options for Affordable Housing".
 - East Hampshire District Council's draft report on its Overview and Scrutiny Review of Affordable Housing

- Maidstone Borough Council's Report on Housing Need from its Overview and Scrutiny Committee (Housing Strategy and Regeneration).

3.2 Live evidence was presented by the following:

- Margaret Newbigin, Chief Executive of the Winchester Housing Group and Housing representative on Winchester's Local Strategic Partnership
- David Smith of the Sappling Partnership, an amalgamation of four housing associations who seek to provide affordable housing on a sub-regional level.
- Debbie Rhodes, rural housing enabler with Community Action Hampshire
- John Hayter, a resident of Bishops Waltham with a strong interest in the subject.
- Dominic Hiscock, Portfolio Holder for Housing at Winchester City Council
- John Beveridge, Portfolio Holder for Planning at Winchester City Council

3.3 The panel was greatly assisted by Bob Merrett, Ken Kershaw and Andrew Palmer of the Health and Housing Department at Winchester City Council and by Steve Opacic, Head of Forward Planning at Winchester City Council.

4. Findings:

4.1 What is Affordable Housing?

4.1.1 Affordable Housing is a term used for the provision of either

- social housing for those unable to afford to buy a home of their own and therefore seek to rent a home from the local authority or a housing association; or
- shared equity schemes in which people effectively purchase part of the home and rent the other part.

4.2 Is there a need in Winchester and if so what is the size?

4.2.1 Winchester City Council regularly conducts a Housing Needs Survey to identify major issues facing the Council in meeting the district's housing needs. This report identified a need for approximately 780 affordable homes per year. Evidence of affordable housing need also comes from the Housing Register which shows that over 1,000 people are seeking a home and a further 800 people are on the transfer list wanting to move to another socially rented home. The number accepted on the Register continues to exceed the number of people offered accommodation.

4.2.2 Homelessness trends are also increasing with many families either in the Council's own hostels, flats built for sheltered accommodation or in private sector properties leased on short-term tenancies.

4.3

How are we addressing the need so far?

4.3.1 We are working with several housing associations (HAs): Eastleigh HA, Hyde HA, Hampshire Voluntary Housing Society (HVHS), Kingfisher HA, Swaythling Housing Society and Winchester Housing Group.

4.3.2 Provision has been:

1998-1999	48 units
1999-2000	95
2000-2001	32
2001-2002	57
2002-2003	34
2003-2004	64
2004-2005	132 under construction
2005-2006	150 estimated.
2006-2007	100 estimated

4.3.3 Thus housing completions have increased this year and this will continue. One reason for the increase in the current year is that the Council's decision to become debt-free is having a positive effect. Another reason is that the increase in equity sharing means that capital available goes further.

4.3.4 But the rate of construction is unlikely to make a significant impact on the perceived housing need.

4.4 The Work of the Rural Housing Enabler

4.4.1 Two full time 'Rural Housing Enablers' are employed by Community Action Hampshire to work in the rural areas of the County. The posts are funded from contributions from a number of national and local agencies, including Winchester City Council. One of the Rural Housing Enablers spends about half her time working in this District towards the shared aims of the City Council and other partner funding agencies. Figures for the schemes shown below are included in the overall totals shown in paragraph 4.3.2 above.

4.4.2 Completed schemes:

- Twyford, completed in February 2005, the Winchester Housing Group providing 6 homes (4x2 beds, 2x3 beds)

4.4.3 Schemes with Funding from Housing Corporation:

- Micheldever, working with Eastleigh Housing Association to provide 12 homes (2x1 bed, 6x2 beds, 4x3 beds)

4.4.4 Schemes with potential sites:

- Boarhunt with HVHS providing 13 homes – plans drawn up and discussed with parish council.
- South Wonston with Winchester Housing Group to provide 10 homes. Discussed with the community, but planning application still to come.
- West Meon where HVHS is planning 10 homes (6x2 beds, 4x1 bed). Discussed with community but planning application not yet made.

4.4.5 Housing Needs Survey Completed

- Bighton: no site yet identified.
- Corhampton and Meonstoke : site available
- Droxford: site under consideration.
- Littleton and Harestock: Parish Council seeking sites.
- Soberton: search under way for a site.
- Sparsholt: Parish Council not supportive of development.
- Swanmore: potential sites being considered.

4.4.6 Other contacts:

- Curdridge
- Kilmeston
- Owslebury
- Waltham Chase.

4.5 Impact of the Right To Buy Legislation

4.5.1 The supply of affordable housing owned by Winchester City Council has been reduced by 3258 since the legislation was passed in 1980. These houses are lost to the council, but it could be argued that since the average tenure of a council house is 22 years, houses are effectively lost once they are occupied and no longer available.

4.5.2 Sales under the Right to Buy have slowed considerably in recent years, particularly since a ceiling of £38,000 on the available discount was introduced a few years ago. Cash from Right to Buy sales has been invested in affordable housing at no net cost to the Council in the past when it was used to release Housing Corporation funds. New rules brought in from April 2004 meant that 75% of capital receipts from right to buy sales had to be remitted to the Government for their housing investment programme. For debt free authorities such as Winchester a period of reduced contribution has been allowed to support local affordable housing. In 2004/05 the Council was allowed to retain 75% of the capital receipts that would otherwise have been remitted to Government. In 2005/06 this has been reduced to 50% and in 2006/07 will be further reduced to 25%.

4.6

What are the driving forces influencing provision?

4.6.1 The significant influences are:

- South East Regional Plan which offers further home construction of between 25,500 and 32,000 between now and 2026. The Plan proposes to concentrate housing in several growth areas, one of which is South Hampshire. There is likely to be a significant amount of land available there to provide affordable housing.
- Homes For All, a five year programme of Central Government to increase the supply of affordable housing.
- Regional Housing Strategy that aims to address the shortfall in affordable housing and urges Local Development Frameworks to arrange that 25% of homes are for social renting and 15% for shared equity.

5. Conclusions

- 5.1 Winchester's affordable housing programme has increased significantly this year from an average of 55 units over the previous six years to an expectation of 132 units. The outlook for next year is for a similar provision and for the following year. However after 2007 funding will be a key restraint.
- 5.2 A large increase in funding is likely to be available under the Regional Housing Strategy and the Homes for All programme but priority will be given to those local authorities with land available for affordable housing schemes.
- 5.3 Housing Associations are moving towards amalgamation to take advantage of available funding and are increasingly looking at those Districts where there is prospect of a land supply with few constraints.
- 5.4 LSVT could provide an opportunity for a major boost of capital that could provide an additional 50-100 units per year, but tenants need to be convinced of the benefits of this process. Current indications are that they are unlikely to be receptive at present, but this could change after 2010.
- 5.5 The City Council will need to provide capital into the affordable housing programme if it wishes to see its target of 100 affordable homes built each year.
- 5.6 Opportunities for the largest sites for affordable housing are likely to be in the south of the district but these sites may well offer more benefit to Portsmouth, Havant and Fareham than Winchester. However there are reasonably-sized sites that could be available in Winchester.
- 5.7 The major site for affordable housing in the Winchester area is at Barton Farm which is a reserve site for a major development area. This could provide 800 affordable homes and do a great deal to solve current needs. But there are current planning constraints and the release of this site for development depends on the views of the strategic planning authorities.

- 5.8 The Urban Capacity Study has identified a number of smaller sites, some of which may have potential for affordable housing. The rate at which these are coming forward for development is slower than had originally been hoped.
- 5.9 Rural Housing Enablers are doing a fine job in the parishes but there is scope for more activity.
- 5.10 Districts in Hampshire have different approaches to affordable housing. There are special reasons why the percentage of houses in new developments vary and the thresholds are different. Informal talks continue between officers to try to harmonise the approach, but a common policy is not possible.
- 5.11 Attempts to involve members of the Planning Development Control Committee in discussions on specific sites for affordable housing are complicated by the code of conduct rules on handling planning applications.

6. Recommendations

- 6.1 The Cabinet is urged to consider increasing the amount of time the Rural Housing Enablers spend in the Winchester district in order to realise more rural sites and to conduct a strategy for rural homes.
- 6.2 The new supplementary guidance to PPG3 on rural housing issues (January 2005) should be closely examined to see where the Council can initiate rural exception sites on its own and in partnership with parishes.
- 6.3 The Cabinet is encouraged to continue its investment in capital to support the affordable housing programme.
- 6.4 The issues raised in the Butlers Report of July 2004 need to be given a more extensive airing and it is therefore recommended that a major discussion should be conducted at full Council, or another suitable forum, on affordable housing to explore new ideas and raise members awareness on this key subject
- 6.5 The Housing Performance Improvement Committee (or its successor body) is recommended to look at issues concerning the Right to Buy changes made recently by the Government.
- 6.6 The Chief Executive is urged to prioritise the Urban Capacity Sites into those that may be available immediately, those in next five years and those in the longer term.