

5th November 2014

Housing & Health Committee

Affordable Housing Strategy

Report of: *Helen Gregory, Acting Head of Housing Services*

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

- 1.1 The report sets out the next phases to develop the detail of the Affordable Housing Strategy and gives an overview of the discussions from the Member and Officer workshop held on 6 October 2014.
- 1.2 The Affordable Housing Strategy will provide a framework for the development of Affordable Housing for the residents of Brentwood; and to establish a specific priority of development opportunities for 2015/16 and beyond.

2. Recommendations

- 2.1 That authority be granted to progress the detail of the Affordable Housing Strategy; and prepare a draft development programme for 2015/16.**
- 2.2 That the Hallsford Bridge site be referred back to the Asset and Enterprise Committee for a decision as to whether or not to sell.**

3. Introduction and Background

- 3.1 At the Housing Committee held on 10 September, Members agreed to allow Officers to develop the Affordable Housing Strategy.

- 3.2 To begin that process, a Workshop was held on the 6 October 2014 attended by Members and Officers; facilitated by an external trainer to stimulate discussion, explore new ideas and begin to formulate a vision for an Affordable Housing Strategy for Brentwood. Feedback from all attendees was positive.
- 3.3 The Affordable Housing Strategy will build on the current Housing Strategy, approved in November 2013, by setting out the detailed plans for developing Affordable Housing. It will set out the provision of new homes within an agreed framework for assessing the demand and securing homes to meet the need and demand.

4. Issue, Options and Analysis of Options

- 4.1 The Workshop considered the current trends in housing delivery in Brentwood and reviewed the factors influencing the provision of new homes, particularly affordable housing. The headline themes evolving from discussions during the Workshop are listed below in 4.2.
- 4.2 It was agreed that there are several elements that will influence the Council's ability to meet its targets. Main themes/issues that need further exploration and consideration to pursue the Affordable Housing Strategy include:
- Housing Need
 - Further analysis of housing need – from 'first home' to 'last home'
 - Develop relationships with Parish Councils to ensure homes for local people
 - Future affordable housing tenure options and balance
 - Planning & Economy
 - Local Development Plan – finalising the plan to prioritise spacial delivery of new private and affordable housing
 - Local housing development activity through the private market - the wider economic drivers affecting housing supply and affordability
 - Agree consistent grounds for assessing financial contributions from developers where viability is challenged

- Resources & Capacity
 - Council's financial resource appetite and capacity
 - Produce an asset register for Brentwood (to plan potential supply of affordable housing on Council land)
 - Review existing sheltered housing stock
 - Explore different procurement /delivery models for building new homes
- 4.3. Demand – The Workshop recognised that there is a growing unmet demand for starter homes and for homes to enable elder residents to downsize. There are affordability issues with the products being offered by the market, with young people in particular, being unable to afford a first home. The Council should consider mixed tenure options to meet this demand at affordable levels. Officers will also be undertaking a needs analysis to ensure that this can be used to shape policies to maximise the correlation of need and supply.
- 4.4 Housing Supply – The Strategic Housing Market Assessment (July 2014) has identified that 326 homes per annum are required to meet demand. The current rate of supply of approximately 120 – 130 new homes p.a is insufficient to meet demand.
- 4.5 Sites - A further key factor that is particularly impacting on affordable housing is that most of the homes being built are on small sites which either have no requirement for affordable housing or only up to 10%. There have been few larger sites (above 15 homes) where we can expect 35% of homes to be affordable. Consequently the supply of affordable homes is significantly behind demand.
- 4.6 Empty Homes – There are 70 empty homes in private ownership and the Council is formulating plans to ensure these are brought into occupation. A proposal will be presented to Committee in March 2015.
- 4.7 Planning – Brentwood is in the process of finalising its Local Plan and is currently undergoing consultation. This plan will be a key document in influencing where new homes will be built. If a site is not included as a residential site within the Plan, it is unlikely to gain approval for housing development.

- 4.8 There are also different requirements and opportunities for the urban areas and the villages. The Council needs to work with Parish Councils to emphasise the importance of providing local homes for young people and those people needing to downsize to smaller properties when their families have left home.
- 4.9 Finance – In addition to the affordability issue raised in 4.3, it is clear that even where a new development is being considered, it is likely developers may try to reduce their commitment to provide social housing on the grounds of viability.
- 4.10 Time frame – New homes take time to plan and build. Whilst the market will inevitably provide some affordable housing, current indications are that it will not be at a rate commensurate with growing demand. The Council needs to stimulate affordable housing development through its planning policies and by reviewing its own assets to see where there are options to increase supply.
- 4.11 Co-ordinated working – It is essential officers in the Council work together across departments to ensure assets, planning and housing strategies are aligned to achieve the optimum solutions to achieve the Council's strategic objectives.

5. Next Steps

- 5.1 HRA sites – There is a separate report on this agenda recommending the development of three garage sites to initiate a programme of small scale affordable housing developments on the Council's own sites. All garage sites will be reviewed for development potential and brought to this Committee for consideration if and when development is possible.
- 5.2 Hallsford Bridge – At 10 September 2014 Committee Members received a report to consider the possibility of residential development on Council land at Hallsford Bridge, Stondon Massey. The land currently has a planning designation for employment use. Unless this designation is changed, a residential scheme is unlikely to be favourably considered by the Local Planning Authority. The Council has received expressions of interest to purchase the land for commercial use. It is recommended that the site should be referred back to the Asset & Enterprise Committee for a decision as to whether or not to sell to achieve best value for the Council

- 5.3 Review existing stock – It is recommended that Officers review the housing assets to consider which sites present options for new housing. This will also consider the suitability of some elements of the current provision for sheltered accommodation and options to modernize accommodation. It was acknowledged at the Workshop that some of the current supported housing provision is inadequate, and it would be possible to re-provide and consolidate this through a series of redevelopments on existing sites that will also provide opportunities to create additional affordable units. A proposal setting out an initial draft development programme will be presented to the next Committee meeting.
- 5.4 Land Register - The Council's Asset Team will also review any sites that may have residential development potential. This will be factored, as necessary, into the formulation of the Local Plan.
- 5.5 Affordability – Housing Officers will prepare an affordability assessment for different housing and tenure types to be presented to Committee in January 2015.
- 5.6 Viability and Risk Management – A financial and viability assessment model is to be produced for each site. This will be used to model the costs - rental income, management, maintenance costs and financial model - to identify when and how costs are recovered to mitigate potential risks.
- 5.7 Procurement – The current schemes to develop the garage sites fall below thresholds requiring compliance with European procurement legislation. The procurement of consultants can be undertaken as a 'one off'. If Brentwood is to have a longer term programme it needs to consider either procuring a framework of consultants and contractors or using an existing Framework. This may be working with another Local Authority or Registered Provider to share resources. This decision can be made when the Committee sets its future development expectations at a future meeting.
- 5.8 Resources – Currently there is capacity within the Housing Team and Corporate Asset Management Team to progress the schemes. The officers will require support from external consultants for architectural, engineering, quantity surveying, employer's agent and other specialist services. The costs of the external resources will be set out in the fee expenditure for each scheme package.
- 5.9 Financial capacity – this is set out below in Section 9.

6. Reasons for Recommendation

- 6.1 The Committee is asked to approve further work to progress the detail of the Affordable Housing Strategy and to prepare a draft programme of potential development sites.

7. Consultation

- 7.1 As specific projects are approved for inclusion in any future programme, Ward Councillors and local residents will be consulted. The planning process has specific consultation requirements and these will be met in addition to the housing consultation arrangements.

8. Reference to Corporate Plan

- 8.1 Developing new homes aligns with the Council's plan to provide quality affordable housing to meet housing need.

9. Implications

Financial Implications

Jo-Anne Ireland, Acting Chief Executive

Tel/Email: 01277 312712 / jo-anne.ireland@brentwood.gov.uk

- 9.1 Each scheme will be presented to Committee for consideration. As part of a development programme the Council will need to identify financial resources to underpin the programme objectives. The HRA financial plan will also be considered as part of the budget setting cycle.
- 9.2 There are Right to Buy (RTB) receipts that can be used towards the scheme funding. If these are not used within the three year limit they will be lost. Also these can only be used to contribute 30% of the total cost and other funding sources will need to be found. The annual development funding plan will need to take account of the RTB receipts available and the potential for prudential borrowing.

10. Legal Implications

Christopher Potter, Monitoring Officer and Head of Support Services

Tel/Email: 01277 312860/christopher.potter@brentwood.gov.uk

- 10.1 None.

11. Background Papers

Affordable Housing Strategy – November 2013

12. Appendices to this report

None.

Report Author Contact Details:

Name: Helen Gregory, Acting Head of Housing Services
Telephone: 01277 312540
Email: helen.gregory@brentwood.gov.uk