



TONBRIDGE & MALLING
BOROUGH COUNCIL

Nicolas Heslop

Leader of The Council

Cabinet Member for
Economic Regeneration

Borough Councillor
for Cage Green Ward

Tom Tugendhat MBE MP
House of Commons
London
SW1A OAA

1 November 2016

Dear Tom,

We are writing to you following a recent meeting of the Council's Communities and Housing Advisory Board and the continuing concern held by Members about how we can address the housing pressures facing the borough and meet our statutory duties in respect of homelessness, whilst continuing to ensure the creation of mixed and vibrant communities that benefit all our residents. We have sent a similar letter to Tracey Crouch.

You will be aware that we are currently out to public consultation on our local plan at the 'issues and options stage'. In terms of our objectively assessed housing need the emerging Local Plan identifies that for the period 2011-2031, 673 new homes a year are required, of which 277 should be affordable. Within the 277 affordable homes it is estimated that 70 per cent should be for social and affordable rent and 30 per cent should be in the form of intermediate housing products such as shared ownership. These figures will of course be subject to viability testing but provide the foundation for our planning targets moving forward.

Historically we have been successful in enabling a consistent and healthy supply of accommodation across a diverse range of tenures and locations within the borough. The planning system and affordable housing definitions have served us well and enabled a relatively good level of performance compared to other authorities across the County. This approach has underpinned our ability to meet the housing needs of a broad spectrum of households on a range of incomes. Although for the time being, the borough maintains a healthy and diverse programme of affordable housing supply, a cautionary note is still required in terms of the position moving forward.

You will recall previous correspondence describing the emerging and continuing challenges to the provision of future affordable rented housing including:

- Changes to the National Planning Policy Framework redefining Affordable Housing to include Starter Homes
- Duty on Councils to promote Starter Homes
- Significantly reduced capital grant funding for rented homes
- Welfare and Housing reform - including 1 per cent rent cuts and extension of the Right to Buy to Housing Association (HA) tenants
- Increasing private sector rents

Whether taken singly or as a combination these changes are creating an environment that compromises our ability to meet the housing need of our residents who cannot afford to enter into any type of home ownership.

The changes to the National Planning Policy Framework (NPPF), which expands the definition of affordable housing to include Starter Homes and the provisions contained within the Housing & Planning Act that places a duty on local authorities to promote the supply of these homes (20 per cent) prior to seeking other forms of affordable housing, will in our view make it even more challenging to deliver affordable rented tenures beyond the initial Starter Homes contribution. As a West Kent authority already facing considerable affordability pressures due to the ever increasing gap between local incomes and local house prices, we remain extremely concerned that this change to planning policy is not one that will address the broader housing needs of our communities across a range of tenures.

We have in recent months experienced developers contacting us seeking to renegotiate existing S106 agreements on viability grounds, whereby the rented units are being reduced and replaced by shared ownership and private market homes. This situation is further exacerbated by government funding being increasingly diverted away from low cost renting towards the private market and homeownership. Just 4 per cent of the current £45 billion Shared Ownership and Affordable Homes Programme 2016-2021 is intended to be spent on below market rented housing. The focus is now very much on shared ownership and rent to buy products. We understand and support the policy to encourage home ownership in some form but we also know that our proven need includes a high proportion of households whose needs can only realistically be met by low cost, rented accommodation. We are concerned that in the current policy environment that need will simply not be addressed by supply.

The current changes represent further challenges on the ability of our Housing Association (HA) partners to meet our assessed need for rented homes. Although most of our HA partners have reiterated their desire to maintain a social purpose and build sub market rented homes, the reality of the situation is that the delivery of any type of rented accommodation in future is unlikely to be financially viable.

In situations where an element of affordable rented units is deliverable this will be at rents set at 80 per cent of market rent. This in itself is a significant issue for the borough as these rental costs are out of the reach of many working households altogether. For example, a typical level of affordable rent on a 3 bedroom house in Tonbridge, provided by one of our partners, is around £220 per week. It is those working households on modest incomes that continue to be frozen out of access to rental accommodation both social and private as rents continue to rise.

This picture is set against a backdrop of an unprecedented number of households presenting as homeless and being placed in temporary accommodation. Over the last two years we have seen this more than double. In 2015/16 we determined 235 homeless applications and accepted the full statutory housing duty to 134 households, of which 90 households were placed in temporary accommodation, in some cases out of the borough. The majority of these households require two bedroom rented accommodation, which is in high demand meaning that they can be waiting for anywhere between 18 to 24 months to be rehoused. This has resulted in long stays in temporary accommodation while suitable accommodation is sought.

The private rented sector continues to be challenging to access as the differential between local housing allowance rates (frozen at 2011 levels and set at the 30th percentile below the prevailing market rates) and rent levels continue to widen. The stamp duty surcharge introduced for second properties and tax and regulatory changes such as mortgage interest tax relief, have adversely affected the buy to let market. Not only have sales dropped but existing rents are increasing as landlords seek to pass on these newly incurred costs, further marginalising those members of society who are already struggling.

All in all these are very challenging times for the Council and pose a real threat on our ability to robustly undertake our role as the Strategic Housing Authority. Demand continues to increase yet the options for householders who cannot afford homeownership are diminishing and set to reduce further. Increasing supply across all tenures and affordability remain important issues for us.

We support the Living Rent model recently adopted in London whereby rents are based on a third of average local income, enabling households to save and ultimately buy the property at the end of their tenancy. On average social rents take 13 per cent of income compared with 28 per cent for private lettings.

This has the additional benefit of realising savings to the national welfare bill. However, the simple fact remains that for a variety of reasons not every household will be able to enter into home ownership. It is for this reason that we ask you to support a more flexible approach to housing budgets by Government that enables more sub market rented homes to be built at rents that households can afford to pay in the same way that it is encouraging home ownership initiatives and for these changes to be included in the Autumn Statement and the impending Housing White Paper.

We are not suggesting this letter outlines all the impacts of the recent reforms to our planning, housing, and welfare systems. Rather more it seeks to highlight our grave concerns that planning processes and housing policy and finance will no longer deliver balanced, mixed communities nor support the needs of those who are vulnerable or on lower incomes that still need to be adequately housed in truly affordable accommodation at low level rents.

Yours sincerely,

Nicolas Heslop

Nicolas Heslop

Leader

S. Shrubsole

Sophie Shrubsole

Cabinet Member for Housing