

**TONBRIDGE & MALLING BOROUGH COUNCIL**

**STRATEGIC HOUSING ADVISORY BOARD**

**23 February 2015**

**Report of the Director of Planning, Housing and Environmental Health**

**Part 1- Public**

**Matters for Information**

**1 STRATEGY AND ENABLING UPDATE**

**Summary**

**This report updates Members on the progress being made by the Council's Registered Provider (RP) Partners in providing new affordable housing in the Borough and summarises the programmes for 2012/13 to 2014/15. The report goes on to describe the progress on various housing strategy initiatives.**

- 1.1.1 The effective negotiation, planning and delivery of affordable housing forms one of the key priorities of the Council and is an area of significant activity for the housing and planning services. Allied to this is the need to track and monitor the progress of RPs in delivering new schemes. Failure to secure a steady supply of new homes has a direct knock-on effect on the levels of homeless households placed in temporary accommodation or bed and breakfast.
- 1.1.2 While we work with our partners to plan and ensure timely delivery of new housing, the Council also has a role to play in facilitating progress and in tracking performance. This is important to ensure that any difficulties arising on new schemes are highlighted early on and corrective action taken.
- 1.1.3 Set out at **[Annex 1]** is a monitoring spreadsheet showing the completed schemes in the year to date and the development programme to 2014/15. The table identifies:
- the scheme address;
  - RP Partner;
  - start on site (SoS);
  - total number of units to be provided (rent and/or shared ownership);
  - detailed split of rent and shared ownership units;
  - expected date of completion; and

- information on progress.

1.1.4 Members should be aware that details on some schemes may alter where planning permission has yet to be secured and some may not proceed. The number of units to be provided is therefore an indicative figure for strategic planning purposes, pending confirmation of final scheme details. As new schemes come forward these will be also be added to the schedule.

## **1.2 Affordable Housing Scheme Updates**

1.2.1 Officers have been delighted to attend a number of site visits to schemes in the Borough to see them nearing completion as the Homes & Communities Agency's (HCA) Affordable Homes Program 2011-2015 draws to a conclusion.

1.2.2 This includes sites such as the Scott Road and Marvillion Court developments through Circle Housing Russet (which are now completed), and the fantastic progress made at the regeneration at the Winterfield Estate, (also Circle Housing Russet).

1.2.3 The end of March marks the end of the current HCA funding round, and the beginning of the 2015-2018 Funding Program. Furthermore, the HCA have recently announced the extension of this latter program to 2020 along with an additional £2bn of grant funding.

1.2.4 Members will be updated on successful bids submitted by our Registered Provider Partners to the new funding round through future papers to this Board.

## **1.3 Affordability of Affordable Rent Homes**

1.3.1 Members will recall that the Council has concerns regarding the "Affordable Rent" tenure in terms of enabling affordable and sustainable tenancies. Our alarm about pursuing the Affordable Rent tenure was expressed in last February's letter from both the Leader and Cabinet Member for Housing to Sir John Stanley MP on the basis that these rental levels set at up to 80 per cent of market value are, in some cases, simply not "affordable".

1.3.2 Subsequent letters from both the Leader and Cabinet Member for Housing to Sir John Stanley MP continuing this dialogue are attached at **[Annex 2]**, concluding with a response from the Secretary of State for Work and Pensions.

1.3.3 As referenced by Sir John Stanley, it is unfortunate that the response does not provide more operational detail on how rent levels are to be reduced and homes made truly more affordable. The remarks that "*(Registered Providers) are not fixed at 80 per cent of the market level. Landlords will have flexibility to set their affordable rents based on a lower percentage in areas where the market rents are acutely high*" do not align with the HCA's own guidance to Registered Providers on this matter. Their funding guide (The Prospectus) is quite clear that Registered Providers are indeed expected to maximise their rental costs to the maximum 80

per cent, unless in some very exceptional circumstances beyond simply “acutely high market rents”.

- 1.3.4 Members will see that the correspondence on this matter is not at an end, and Sir John Stanley has written to Eric Pickles at the Department for Communities and Local Government (DCLG) in order to gain further clarification on these issues. Officers hope to provide additional updates through further papers to this Board.

#### **1.4 Changes to Affordable Housing Triggers In The Planning System**

- 1.4.1 The Minister for State for Housing and Planning recently announced changes to the planning system introducing into national policy a threshold beneath which affordable housing contributions should not be sought. These changes have been made following a national consultation exercise on how best to assist small scale house builders, along with custom and self-builders.
- 1.4.2 The changes to national policy with regard to Section 106 planning obligations are that for sites of ten units or less, and which have a maximum combined gross floor space of 1,000 square metres, affordable housing and payments in lieu (tariff style contributions) should not be sought. Members will be aware that the Council’s current trigger points for the provision of affordable housing are 15 units or more in urban areas, and five units or more rural areas, with the operational details contained within policy CP17.
- 1.4.3 This change will not apply for designated rural areas under Section 157 of the Housing Act 1985, but the Borough does not contain any areas listed within this Act. The changes also do not apply to National Parks and Areas of Outstanding Natural Beauty, where authorities may choose to implement a threshold of five units or less, beneath which affordable housing and tariff style contributions should not be sought.
- 1.4.4 The new guidance states that within these designated areas, if a five unit threshold is implemented then payment of affordable housing and payment in lieu contributions on developments of between six to ten units should be sought as a cash payment only, and be commuted until after completion of units within the development.
- 1.4.5 Members will be glad to learn that these changes in national planning policy will not apply to Rural Exception Sites which, subject to the local area demonstrating sufficient need (as detailed in the Council’s policy CP19), remain available to support the delivery of affordable homes to address local need.
- 1.4.6 Officers are yet to fully digest the rule changes (which are complex) and understand their impact on the Borough’s future pipeline of affordable provision. It is frustrating that the changes do not allow any provision to be means tested, or applied on a case by case basis. Neither have the changes been means tested, or allowed local authorities any local discretion in how they are implemented.

- 1.4.7 A more detailed analysis with a focus on the development control and planning policy implications in accordance with the emerging Local Plan will be reported to future occurrences of the Planning & Transportation Advisory Board (PTAB).

## **1.5 The Help To Buy Equity Loan Scheme**

- 1.5.1 The Help to Buy (HTB) Equity Loan scheme was first announced in the 2013 March budget, in an attempt to encourage banks and building societies to offer mortgages. The data for the third quarter of 2014-15 has now been released, and it shows that since the launch 807 properties have been purchased in Kent, (KCC area), with the help of an equity loan. To put this in context, nationally 33,911 properties were bought.
- 1.5.2 The total value of these loans in Kent amounted to just under £39 million, with an average loan of £47,929. This varies from £91,333 for Sevenoaks to £38,359 for Canterbury, with the national average being £47,926. It is estimated that about 84 per cent of these were for first time buyers.
- 1.5.3 Members will be glad to learn that Tonbridge & Malling is second for the whole of Kent for the number of equity loans issued since the schemes inception, with 144 products, (Dartford saw 181). Accordingly, the Council saw the second highest total levels of loans within Kent, £8.6 million compared to Dartford's £8.9m.

## **1.6 Legal Implications**

- 1.6.1 The Council needs to secure a sufficient supply of affordable housing to meet its statutory duties.

## **1.7 Financial and Value for Money Considerations**

- 1.7.1 The Affordable Housing Programme (AHP) is the means by which public subsidy is secured for the delivery of affordable housing. RPs must adhere to strict value for money and design considerations imposed by the HCA.

## **1.8 Risk Assessment**

- 1.8.1 Failure to secure sufficient investment in affordable housing could mean that the Council is unable to deliver its local strategic housing priorities and meet its statutory obligations to the homeless and others in housing need resulting in unacceptable financial and reputational risk.

Background papers:

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Nil

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