

New Affordable Housing Supply Strategy

September 2020

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Executive Summary

Purpose

The Council recognises that it has a role as the strategic housing authority to work to address the housing needs of the district. At the same time it has a direct role in the delivery of affordable housing as a developing landlord.

The intention is that by working effectively with partners we are able to increase the overall supply to everyone's benefit.

What is Affordable Housing

Affordable Housing is defined within the National Planning Policy Framework (NPPF). There are three broad areas which the majority of affordable housing falls into.

Social and Affordable Rent are properties rented by an affordable housing provider, usually a Council or Housing Association as a rent below market value and set as a result of Government regulations. Most people will access these rented properties through the Council's Housing Register

Affordable Home Ownership is an umbrella term for a range of products that allow households to purchase a property at below market levels. The most established of these is Shared Ownership although the Government intends to introduce a standard discount market product under the first homes branding that is likely to form an increasing proportion of the market.

Deferred Purchase schemes are schemes whereby a household rents a property for a period of time with the intention to purchase at a future date. Deferred Purchase schemes are often used as short term measures during market downturns when mortgage availability is limited to allow a perspective buyer to secure a property ahead of securing finance. The period of renting may also build up an equity stake in the property. Because they are an interim arrangement they are not identified as a distinct product in housing need surveys.

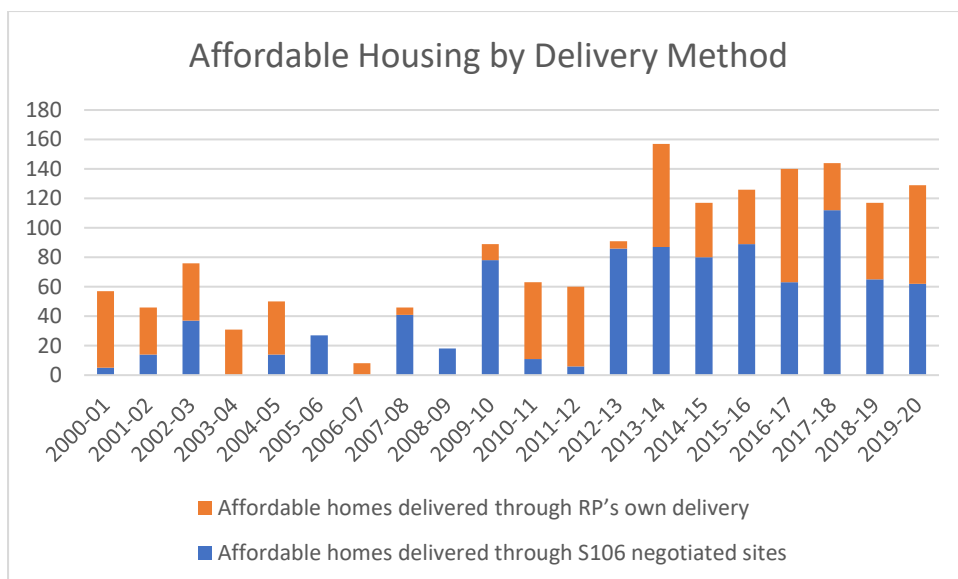
Affordable Housing Delivery

There are two main routes to delivery of affordable housing, provider led schemes, and planning gain sites.

Provider Led Schemes are predominantly or exclusively affordable housing schemes and usually delivered with a degree of public capital subsidy. The most significant source of such subsidy is currently Homes England.

Planning Gain is the mechanism by which affordable housing is delivered by a private developer as part of a condition of the planning permission under a section 106 agreement, usually as a proportion of a site being developed.

The chart below shows the overall delivery of new affordable housing in the district over time as well as the split between RP lead schemes and section 106 sites.



Council Housing Delivery

Since 2018 the Council has embarked on a programme of stock acquisition and new build. This has been to supplement the delivery by RPs and Private Developers.

To date the Council has bought back one former right to buy property, received 45 units gifted by developers through section 106 agreements as well as purchasing 2 additional 106 units on one of the sites. Furthermore it has directly developed 24 units on infill HRA land and entered into a partnership with a Homes England registered partner developer to access HE funding for a 24 unit scheme in the centre of Coalville on the former Police Station site.

Currently the Council is on site at a development of 8 homes in Coalville on the site of a former public house. The site is due for completion in August 2020.

A pipeline of new schemes has been identified and work is ongoing to bring forward 4 of these for start on site in 2020/21.

Site	Indicative Units	Estimated value	Description
Queensway, Measham	6	£891,000	Former Council Sheltered Scheme
Howe Road, Whitwick	16	£2,376,000	Greenfield HRA land
Woulds Court, Moira	8	£1,188,000	Former Council Sheltered Scheme
Cedar Grove, Moira	2	£297,000	Former garage site

Affordable Housing Need

The most up to date evidence base of affordable housing need is currently the Housing and Economic Development Needs Assessment (HEDNA.) The HEDNA identified a need for new affordable housing within the district of 199 homes a year between 2011 and 2031 to meet both existing and newly arising need.

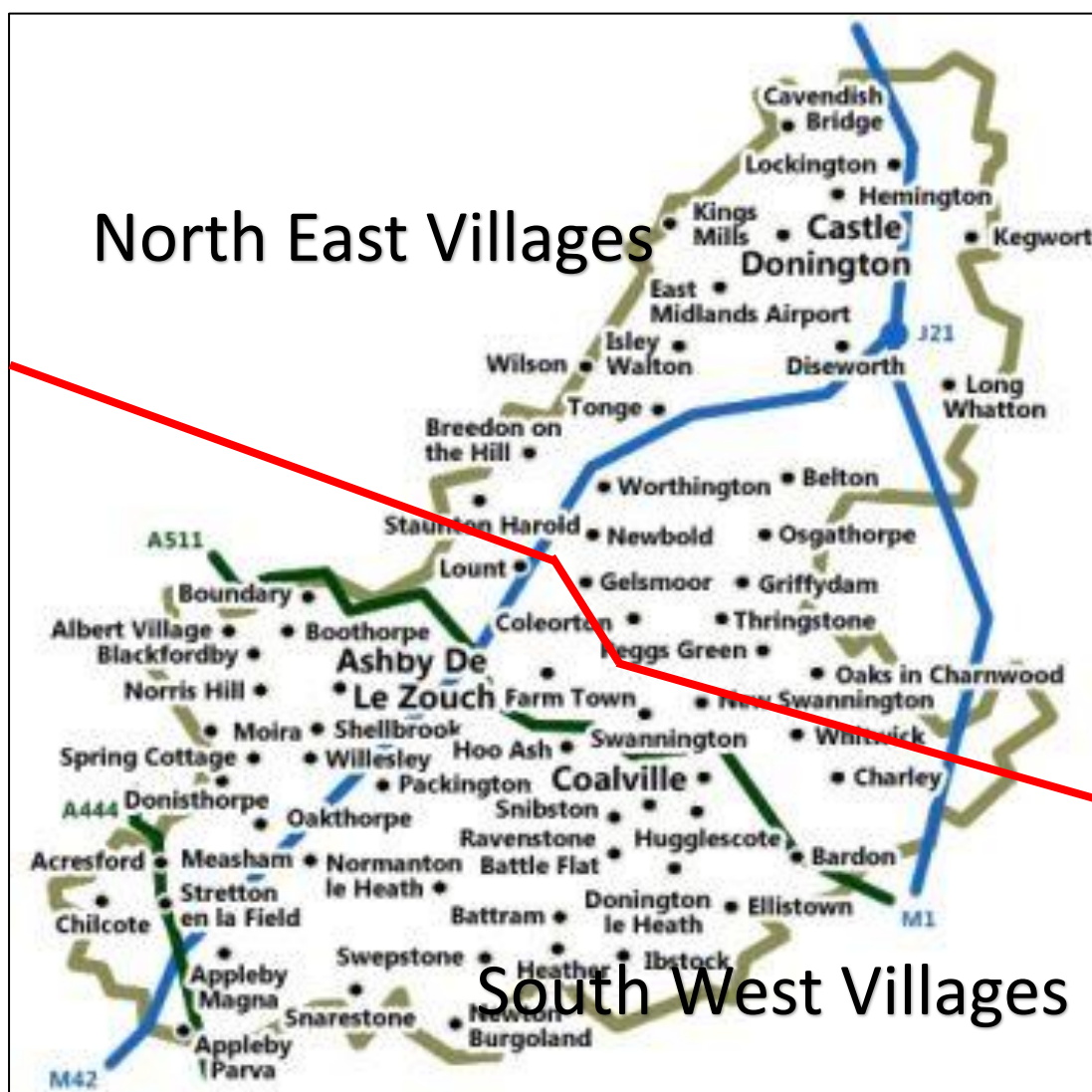
Furthermore it suggested a tenure split of 80% rented accommodation 20% low cost home ownership and provided the broad guidance on property size below.

	1 bed	2 bed	3 bed	4+ beds
NWL	30-35%	35-40%	25-30%	5-10%

(Table 57 HEDNA)

Whilst the HEDNA identified a district wide level of need but analysing the current applicants on the Council Housing Register we are able to identify a level of comparative demand between location and broad property types. A summary of the comparative demand for rented housing across three broad household types is shown below

Settlement	Emerging	Growing	Consolidating	key	
Coalville	21.00%	5.71%	10.70%	<1%	
Ashby	8.26%	2.45%	8.46%	1-2%	
Castle Donington	3.47%	0.71%	3.16%	2-4%	
Whitwick	2.96%	0.61%	3.67%	4-8%	
Ibstock	3.57%	0.51%	2.96%	8-10%	
Measham	2.14%	0.71%	1.22%	10+ %	
South West Villages	5.10%	1.63%	4.49%		
North East Villages	3.16%	1.43%	1.94%		



- Emerging households are those newly forming either as a result of children leaving the parental home or as a result of changing relationships and will be met by smaller units like one and 2 bedroom flats.

- Growing households are families with children and will need traditional houses with 2, 3 or 4 bedrooms.
- Consolidating households are those who are downsizing as family members move on into their own independent homes and will tend to be older people requiring age appropriate flats and bungalows

Delivery Against Identified Need

The table below shows the cumulative delivery of new affordable housing over the period identified in the HEDNA together with the net shortfall over time. There has been a shortfall in rented units in every year with only 55% of the required need delivered over the 9 year period. By contrast 78% of the affordable Home Ownership need has been met and over the 5 year period 2013-14 to 2017-18 this need was met.

	Culm Rent	Culm AHO	Rent shortage	AHO shortage
2011-12	44	16	116	24
2012-13	104	47	216	33
2013-14	229	73	251	47
2014-15	306	113	334	47
2015-16	393	152	407	48
2016-17	489	196	471	44
2017-18	581	248	539	32
2018-19	685	261	595	59
2019-20	794	281	646	79

Summary of Actions

The strategy has identified a number of priority actions to support the Council's ambition to increase and improve affordable housing supply.

We will work with the County Council to understand the levels of need for specialist housing within the district

We will develop a clear and transparent approach to section 106 agreements, in particular how we will deal with situations where a developer cannot provide a policy compliant on site affordable housing scheme.

The Council will continue to offer financial support to registered providers developing in the district. Our priority will be to support schemes that meet needs which are not easily met through other routes.

We will work with Homes England to develop a more pro-active approach to larger predominantly affordable housing developments within the District.

As a developer we will begin a programme of pro-active site acquisition to accelerate new home delivery.

We will procure a new development partner to support us with the next phase of our newbuild programme whilst growing our in house capacity to develop sites directly in the future.

We will pro-actively seek partnerships that can bring added value to our development aspirations

We will continue to appraise section 106 opportunities however we will only bid for properties where there is no viable bid from other registered providers.

We will consider the opportunities within our own programme to develop specialist accommodation that is not forthcoming through other programmes.

We will develop a newbuild specification for our own programme and ensure that Capital funding is only provided to schemes with similar high standards.

Introduction by Roger Bayliss Portfolio Holder

This is our first “New Affordable Housing Supply Strategy” within North West Leicestershire and it clearly demonstrates our ambition as a housing developer and also an enabler.

It charts the journey so far in terms of our newbuild programme but more importantly it sets out our vision for the future.

The Newbuild programme is a corporate commitment in its own right directly delivering on our priority of ensuring local people live in high quality, affordable homes whilst contributing to our ambitions of developing a clean and green district and support for businesses and helping people into local jobs.

Most importantly every house, bungalow and flat we build becomes a home bringing stability and the opportunity to set down roots for a member of our community.

By working effectively with our partners including developers, other affordable housing providers Homes England and the County Council we aim to identify and address a wide range of housing needs

We will make the best use of the planning system to deliver affordable homes of the types that we need where we need them

And as a developer we will develop clear priorities setting out what we aim to build and where we intend to build it.

Partnerships are key and it is absolutely critical that we complement those who are already developing affordable housing rather than compete with them.

Finally we need to ensure that we can be responsive to the challenges that we are faced with whether they are opportunities or obstacles. We are in a rapidly changing world, during the development of this strategy we have had to respond to one of the greatest public health challenges the Country has ever faced and also understand the implications of a Planning White Paper which promises significant reform to the planning system. This strategy has been written to ensure we can respond to these and those issues that are still around the corner.

Roger

Purpose

The Council recognises that it has a role as the strategic housing authority to work to address the housing needs of the district. At the same time it has a direct role in the delivery of affordable housing as a developing landlord.

As an organisation that has only recently resumed its development programme it is important that we balance our twin roles to ensure that as a provider the development we are involved in complements rather than competes with other developing organisations active within the district.

This Strategy identifies the Council’s priorities for affordable housing and identifies the actions that will be taken to ensure that the right size, type and quality of affordable housing delivered in the right places within North West Leicestershire.

The intention is that by working effectively with partners we are able to increase the overall supply to everyone’s benefit.

Responding to a cyclical market

The UK housing market is one that is prone to turbulence from external factors in the short term. Whilst the objectives of this strategy are static it is clear that the opportunities and challenges to achieve those objectives may change over the lifetime of the strategy.

As a result a degree of flexibility is built into this strategy and this will follow through into resultant activities.

Planning for the Future White Paper

In the summer of 2020 the government released a planning White Paper which proposed a number of changes to the delivery of affordable housing particularly through the planning system and section 106 agreements. Whilst there is a strong likelihood that the mechanism for delivery of affordable housing through the planning system will change the priorities identified within this strategy are still likely to be applicable.

What is affordable housing?

The Affordable Housing Market

Traditionally affordable housing has been predominantly delivered through a limited number of tenures. Usually social rent (the “cheapest,” rented housing, with rents set by a complex formula) and more recently affordable rent (capped at 80% of market rents) for those unable or not wanting to buy and shared ownership for aspiring home owners who cannot access the market without assistance.

The situation now though is more complex as both Government and developers have sought to introduce new tenures to market. Government have been pushing “starter homes,” whilst both social and private providers of affordable housing have developed new models to reflect opportunities and challenges within the market such as rent to buy and a variety of discounted sale products.

Affordable housing for planning purposes is defined within the National Planning Policy Framework (NPPF)¹. The Government published a revised NPPF in July 2018 which introduced Starter Homes into the definition of affordable housing whilst acknowledging secondary legislation in this area may follow. The new NPPF also partially removes the need for affordable housing when provided without subsidy to remain affordable in perpetuity or for subsidy to be recycled. This change is necessary to ensure starter homes fall within the definition but also allows some alternative market lead models to qualify. The secondary legislation has not been forthcoming although the amended definition has remained.

A subsequent revision to NPPF dated February 2019 introduced a requirement that 10% of the homes on major developments should be affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups. A limited number of exemptions apply.

Traditionally affordable housing would be either directly delivered by a social housing provider, usually a Local Authority or Housing Association or since the late 1990s, increasingly through planning gain and section 106 agreements whereby private developments are obliged to deliver a

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728643/Revised_NPPF_2018.pdf

proportion of affordable housing as part of their planning permission. Although early section 106 agreements delivered some affordable homes as restricted floor space dwellings and discounted market sale units, most affordable housing through the planning system was purchased by Housing Associations at a discount and then either rented or sold on to shared owners.

In recent years a range of drivers have led to an increasing number of delivery models that do not involve a traditional affordable housing provider.

Affordable Housing Segmentation

Most affordable housing products fall within one of three broad categories.

Affordable and Social Rent

Affordable housing for rent is traditionally provided at rents below those of comparative private rented properties with the rent set in accordance with a government formula. Furthermore such homes are let with a greater degree of security than the typical private let although increasingly registered providers are moving away from tenancies for life. Although affordable rents are set at a higher level than social rents in many cases the tenure is a direct alternative to social rent rather than being considered as an intermediate rent. Social and Affordable rented homes are usually allocated through a needs based housing register which will have eligibility criteria to ensure that homes for the most part go to those who cannot secure long term accommodation through the market.

Affordable Home Ownership

Affordable Home Ownership is an umbrella term for a range of products that allow households to purchase a property at below market levels. Although there are sufficient differences between models for some to be more suitable than others depending on a household's circumstances, the different products are effectively substitutes attracting a broadly similar group of purchasers.

Revisions to the NPPF published in February 2019 introduced a requirement that "Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups.

Whilst there are some exemptions, most notably for wholly affordable schemes the outcome of this change, as development works through the system is that between 50 and 70% of homes delivered through the section 106 process could be delivered as affordable home ownership.

Deferred purchase

Deferred purchase schemes also known as Rent to Buy, allow a household to rent a property usually at below market rent allowing the purchaser to save up for a deposit or to build an equity stake in the property before purchasing after a period of time. During the housing market downturn of 2008 a number of homes developed as shared ownership by housing associations were converted to Rent to Buy as the demand for shared ownership properties fell. There are however no figures published to show how many of those taking homes on a Rent to Buy basis managed to purchase in the end.

More recently a number of private firms have developed alternative rent to buy models underpinned by institutional investment. These do not appear to have gained the traction anticipated and so have not impacted on supply or demand significantly.

Details of the main products are set out in appendix one.

Delivery mechanisms

There are two main routes to delivery of affordable housing, provider lead schemes, and planning gain sites.

Provider Lead Schemes

A significant level of affordable housing within the District is delivered through Provider Lead Schemes. These are sites that are predominantly or exclusively affordable housing schemes and usually delivered with a degree of public capital subsidy. The most significant source of such subsidy is currently Homes England, the Government's "Housing Accelerator," an executive non-departmental public body, sponsored by the Ministry of Housing, Communities & Local Government. Some schemes do come forward through other capital schemes on occasion as well.

NWLDC Planning Policy

An increasing level of affordable housing in recent years has been delivered through planning gain, whereby developers as a condition of planning permission are required to deliver a proportion of homes as affordable housing.

Policy H4 of the Council's local plan² adopted in November 2017 sets out the policy for securing affordable housing on market developments. This ranges from a 30% requirement on greenfield sites of 11 or more dwellings in settlements such as Ashby, Castle Donington, Kegworth and Measham down to 5% on previously developed land delivering 30 or more dwellings in Donington, Coalville, Ibstock and Kegworth. As the thresholds in the new plan are in several circumstances lower than the previous policy there is likely to be a reduction over time in the number of affordable units delivered through the planning system.

The table below shows the current target and thresholds for affordable housing by settlement).

	Adopted Local Plan			
	Greenfield Sites		Previously Developed Land	
Settlement	Target	Threshold	Target	Threshold
Ashby	30%	11 or more	15%	30 or more
Castle Donington	30%	11 or more	5%	30 or more
Greater Coalville	20%	11 or more	5%	30 or more
Ibstock	20%	11 or more	5%	30 or more
Kegworth	30%	11 or more	5%	30 or more
Measham	30%	11 or more	15%	30 or more
All other Areas	30%	11 or more	5%	30 or more

The Local Plan also includes a policy on affordable housing in rural areas policy H5 which allows for affordable housing outside the limits of development in rural areas to meet demonstrated local need.

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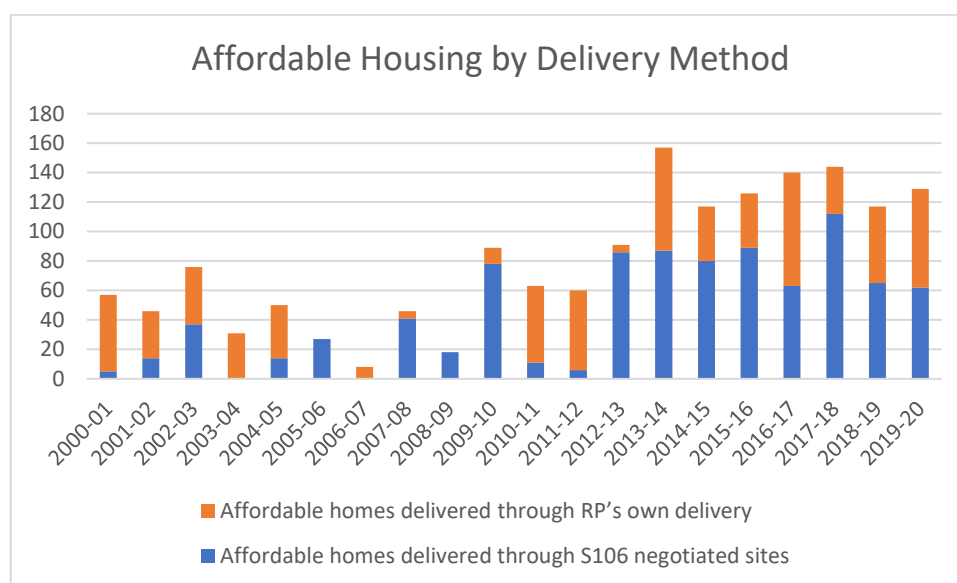
https://www.nwleics.gov.uk/files/documents/adopted_local_plan_2011_20312/Adopted%20Written%20Statement.pdf

The Council has had some success in developing rural exception sites with 8 sites delivered in 6 villages where a local connection criteria has been secured.

Current Supply

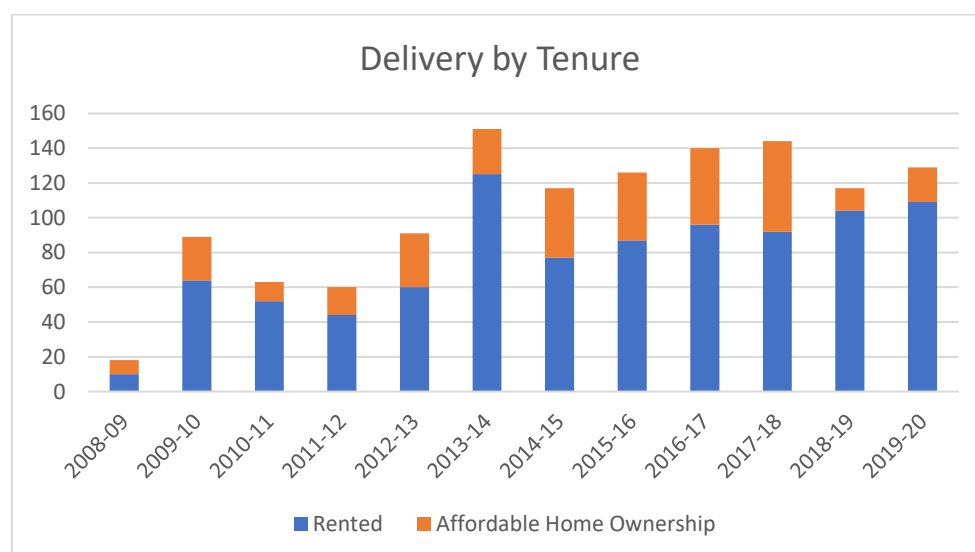
Historic Supply

Whilst affordable housing schemes directly developed by RPs within the district have fluctuated in terms of numbers as Homes England and its predecessors have changed their funding criteria, the delivery of affordable homes as a result of section 106 agreements has increased over time. The table below shows an average of 14 planning gain units per annum between 2001 and 2005 rising to 86 between 2014 – 2018.



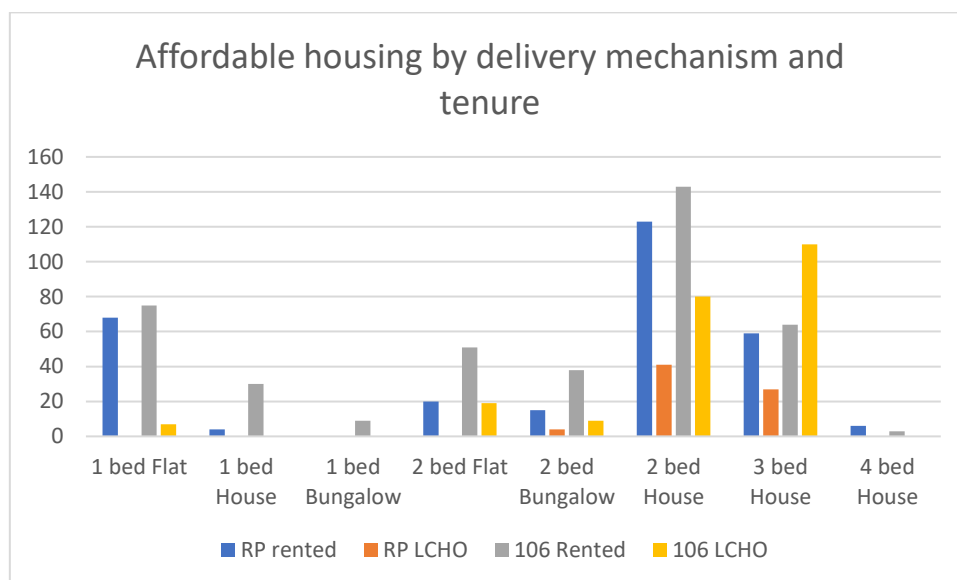
However as noted above the new local plan reduces the level of affordable housing required on a number of sites due to location or brownfield status and so the contribution of section 106 units to affordable housing delivery may have peaked.

The chart below shows the changing tenure of new affordable housing delivery.



Over time there has also been a shift in the nature of rented housing as social rented housing has increasingly been substituted by affordable rent.

The table below shows all affordable housing delivery between April 2008 and March 2018 by rented/LCHO split and by delivery mechanism.



As can be seen by the table above rented housing has tended to be smaller units than low cost home ownership products with a similar spread of rented houses between RP delivery and section 106. RP lead LCHO schemes have tended to be smaller than those delivered by the market though.

Section 106 Agreements

Over time there have been changes in demand from affordable housing providers, mostly but not exclusively Registered Providers and this has lead to developers insisting on building increasing flexibility into section 106 agreements to avoid the situation where sites stall as the affordable housing requirement as agreed cannot be delivered.

This does then provide a degree of choice to the Council as a strategic housing authority when a scheme cannot deliver the preferred affordable housing mix.

In the past solutions have varied from the Council receiving gifted units at nil cost, the conversion of rented units to discounted market sale or the provision of a commuted sum in lieu of affordable housing on site.

Whilst demand does currently appear healthier than the recent past for section 106 schemes setting out the Council's preferences does ensure certainty to all parties.

Section 106 agreements are most effective at delivering accommodation types that integrate well with market developments. As the price paid for rented section 106 units is derived from the potential rental income additional construction costs such as meeting accessibility standards that are not then reflected in rental income will impact on the viability of a scheme. Furthermore as most cascade agreements will have a backstop of sale in one form or another developers are reluctant to provide units that do not have an open market demand. Therefore although section 106 agreements are an effective way of delivering "mainstream," housing delivering specialist housing is more difficult.

Because of the time lag between a permission being granted, section 106 agreements are often agreed at outline stage, and development proceeding any changes in approach may take some time to impact on delivery. Changes to NPPF in July 2018 requiring 10% of qualifying sites being Low Cost Home Ownership has still not impacted on any actual delivery in the district two years later.

The Planning White Paper proposes changes to the mechanism for delivering affordable housing through the planning system. There is a strong likelihood that section 106 will be replaced during the lifetime of this strategy however the Council's priorities for affordable housing will continue to drive any negotiations still within our control.

Council New Supply

Since 2018 the Council has embarked on a programme of stock acquisition and new build. This has been to supplement the delivery by RPs and Private Developers.

To date the Council has bought back one former right to buy property, received 45 units gifted by developers through section 106 agreements as well as purchasing 2 additional 106 units on one of the sites. Furthermore it has directly developed 24 units on infill HRA land and entered into a partnership with a Homes England registered partner developer to access HE funding for a 24 unit scheme in the centre of Coalville on the former Police Station site.

The Council has signed up to retain Right to Buy receipts as part of the government one for one replacement programme. Through this scheme the council can retain surplus RTB receipts above an agreed threshold, on condition that the funds are invested in the new supply of affordable homes, and match funding on a 30/70 basis is invested by the council. The funds retained must be used within three years, or repaid with interest to MHCLG.

The Council is currently budgeting for a newbuild programme over the next 5 years of around £24million ponds to utilise the right to buy receipts as set out in the table below.

£s	20/21	21/22	22/23	23/24	24/25	Total
RTB Receipts (30%)	907,342	1,764,355	1,427,050	1,459,850	1,503,645	7,062,241
S106 receipts	255,018	45,570	3,780			304,368
HRA/Borrowing	2,648,780	4,223,159	3,329,783	3,406,316	3,508,505	17,116,543
Total funding requirement	3,811,140	6,033,084	4,760,612	4,866,165	5,012,150	24,483,152

Furthermore up to £1 million per annum has been identified for purchasing additional units that are not eligible for Right to Buy funding such as purchasing section 106 units from developers

Currently the Council is on site at a development of 8 homes in Coalville on the site of a former public house. The site is due for completion in August 2020.

A pipeline of new schemes has been identified and work is ongoing to bring forward 4 of these for start on site in 2020/21.

<i>Site</i>	<i>Indicative Units</i>	<i>Estimated value</i>	<i>Description</i>
<i>Queensway, Measham</i>	<i>6</i>	<i>£891,000</i>	<i>Former Council Sheltered Scheme</i>
<i>Howe Road, Whitwick</i>	<i>16</i>	<i>£2,376,000</i>	<i>Greenfield HRA land</i>
<i>Woulds Court, Moira</i>	<i>8</i>	<i>£1,188,000</i>	<i>Former Council Sheltered Scheme</i>
<i>Cedar Grove, Moira</i>	<i>2</i>	<i>£297,000</i>	<i>Former garage site</i>

Affordable Housing Need

Affordable Housing Need

The Council's current affordable housing need figure is set out in the North West Leicestershire Local Plan, adopted November 2017. This sets an affordable housing requirement of 199 dwellings a year over the period 2011-2031³.

This figure was identified as part of the work on the Housing and Economic Development Needs Assessment (HEDNA) for Leicester and Leicestershire Authorities, January 2017. The HEDNA also considered the need for housing of different tenures and attempted to quantify the need for specialist affordable housing provision⁴.

The Government has recently published amendments to the Planning Policy Guidance that provides additional guidance on estimating affordable housing need. Although the methodology is broadly in line with the approach taken in the HEDNA there is additional detail relating to identifying those in need of Low Cost Home Ownership. Furthermore there has been a change to the definition of affordable housing widening the range of tenures that meet the definition.

The HEDNA suggested a tenure split of 80% rented accommodation 20% low cost home ownership and provided the broad guidance on property size below.

	1 bed	2 bed	3 bed	4+ beds
NWL	30-35%	35-40%	25-30%	5-10%

(Table 57 HEDNA)

Prior to the amendments in the NPPF mentioned above affordable housing provision was negotiated from an evidence lead position with 80% of homes sought as rented and viability testing used this assumption to identify deliverable affordable housing targets. However these changes are likely to significantly increase the proportion of Affordable Home Ownership delivered through planning gain.

Although not identified within the HEDNA a previous Housing Need study, the 2014 Strategic Housing Market Assessment identified that 79% of the then 1 bedroom need arose from older households looking to downsize, and thus releasing larger homes. However as the majority of these households are likely to be in existing, albeit potentially unsuitable housing any 1 bed units delivered to meet these needs will need to be suitably attractive to encourage older households to downsize. The fact that like many Local Authorities, North West Leicestershire has undertaken a programme of sheltered housing demolition at a time of rising demand for older persons housing demonstrates that in the past we have not been successful in this endeavour.

³ Local plan

⁴ HEDNA

A report commissioned in 2010 for the Leicestershire Housing Market Area Partnership on the Housing Needs and Aspirations of Older People in Leicestershire found that certainly amongst downsizers there was a strong preference for 2 bed properties for a variety of reasons. As a result the level of 1 bed “need,” identified above needs to be considered in the context of potential demand.

The HEDNA considers both existing and newly arising need at a District level. Whilst this provides a strategic level target it is useful to understand the comparative demand across both geography and property type whilst acknowledging there can be a degree flow between each. Utilising a combination of housing register information and the results from rural housing needs surveys we can derive comparative current demand to refine our understanding of needs patterns.

Whilst it is easy to assume the housing register will reflect demand for affordable housing there are a number of external factors that mean this is an oversimplification.

- Firstly the housing register is an indication of demand for rented housing only
- Secondly studies such as HEDNA are forecasting the newly emerging need several years into the future based on demographic changes. The register can only provide a snapshot of eligible households seeking accommodation at a point in time.





With the caveats identified above the Housing Register is still the most appropriate data source available for forecasting current demand for rented housing at lower levels of geography in the absence of a traditional housing needs survey. The register provides us with both a first choice area for each household but also by looking at lettings and bidding data it is possible to draw some conclusions about comparative demand.

Whilst there will always be a degree of substitution between property types and location as households seek to meet their housing need it is useful to use the data that is available to inform decisions around development.

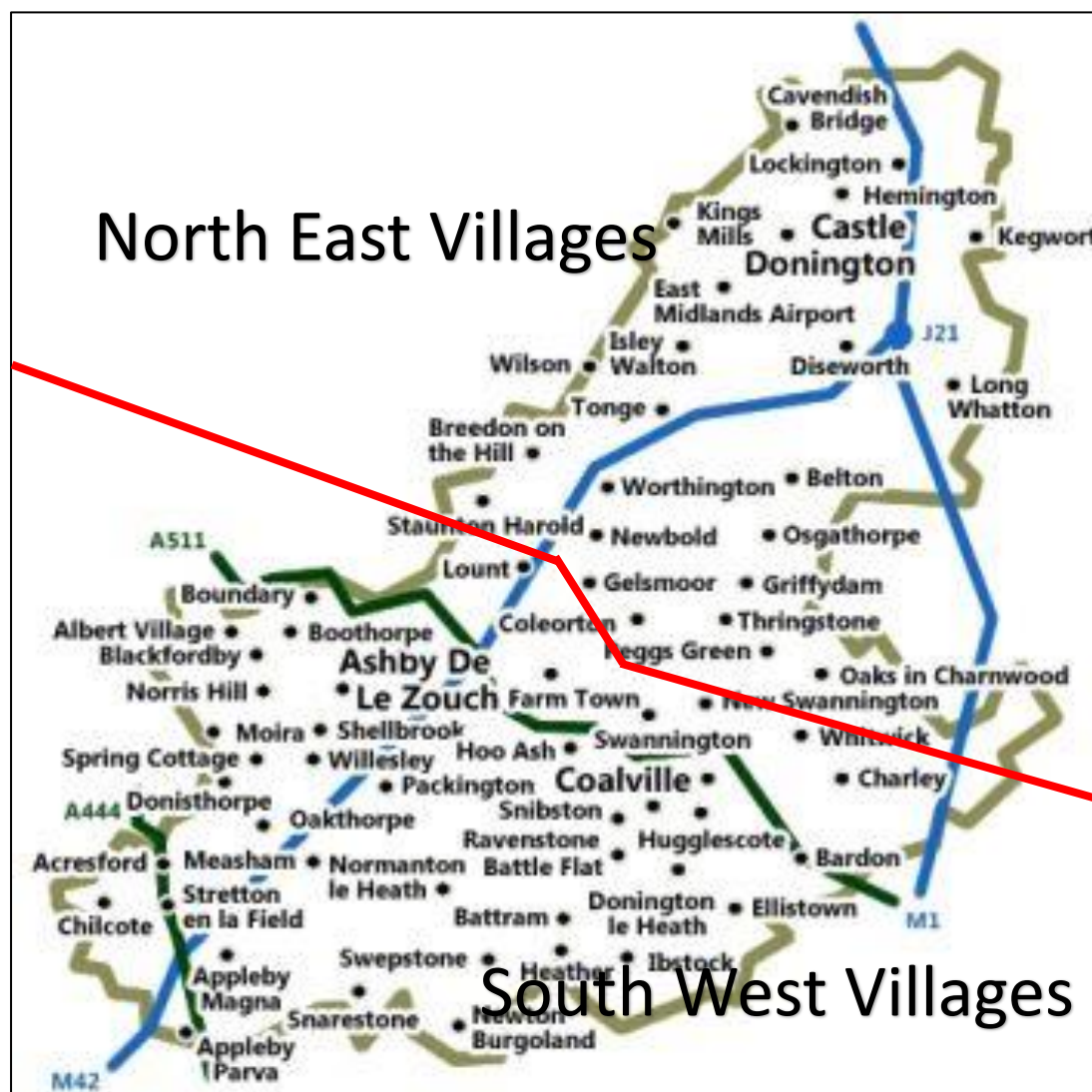
By considering three types of household across broad market areas we can begin to understand the comparative need for affordable rented housing within the district.

- Emerging households are those newly forming either as a result of children leaving the parental home or as a result of changing relationships and will be met by smaller units like one and 2 bedroom flats.
- Growing households are families with children and will need traditional houses with 2, 3 or 4 bedrooms.
- Consolidating households are those who are downsizing as family members move on into their own independent homes and will tend to be older people requiring age appropriate flats and bungalows

The table below utilises housing register data to derive the comparative demand of unit types by area. Coalville and Ashby, make up over 55% of the demand in the district. The remaining settlements are split between North East and South West villages as indicated on the map below

Settlement	Emerging	Growing	Consolidating	key	
Coalville	21.00%	5.71%	10.70%	<1%	
Ashby	8.26%	2.45%	8.46%	1-2%	
Castle Donington	3.47%	0.71%	3.16%	2-4%	
Whitwick	2.96%	0.61%	3.67%	4-8%	

Ibstock	3.57%	0.51%	2.96%	8-10%	
Measham	2.14%	0.71%	1.22%	10+ %	
South West Villages	5.10%	1.63%	4.49%		
North East Villages	3.16%	1.43%	1.94%		



Specialist accommodation

Meeting the Need for Specialist Housing

Specialist Housing is a broad term that describes a wide range of models of accommodation where additional services or facilities are provided. This will usually be through specialist features within a home such as building or adapting to an accessible standard or through additional services and support for people who are not able to live independently.

The demand for accommodation for differing client groups is considered below as well as a summary of opportunities to meet these needs.

Following a period of hiatus in the development of this type new supported accommodation whilst the government clarified the future funding model for revenue costs, we have recently seen more clarity, and new supported development proposals beginning to come forward again.

The position of our strategic partner in this area, Leicestershire County Council has also become clearer, as they have articulated their ambitions to become a direct landlord of new supported living schemes through a Local Housing Company, established to hold the properties and provide landlord services. In the initial transitional period as this approach is embedded, close working with a partner Registered Provider which will allow schemes to be commissioned and managed. We are actively supporting this new approach and working with the County Council to identify opportunities for joint working through acquisitions and joint development to spread risks where appropriate.

Where appropriate we will also engage with host communities to ensure specialist provision can integrate with but also benefit the wider community.

Housing for people with Learning Disabilities

The Transforming Care Programme is a National Plan that has been established to ensure that people with a Learning Disabilities and/or Autism, who are in hospital settings, are moved into the community wherever possible.

The Leicester, Leicestershire & Rutland Transforming Care Accommodation Strategy 2017-2021 aims to determine the housing needs of the current cohort of people who fall under the remit of the Transforming Care Programme as well as to project the numbers that will need accommodation in the future.

There is a wide range of housing models that can meet the needs of people with learning disabilities.

Whilst there has rightly been a move away from institutional settings there are still benefits from well planned group schemes due to the potential to provide shared facilities such as day rooms and office space. Furthermore clustering service users whilst maintaining independence can generate economies of scale when commissioning care.

Conversely the drive for community based services together with advances in assistive technologies allow for dispersed and very flexible accommodation options.

Hub and spoke models allow for the benefits of both.

As a result it will be necessary to work with the County Council to identify the likely pipeline of demand so that we can plan accordingly. This will also provide an opportunity for the County Council to identify and plan to resource the likely support needs of people moving into new accommodation.

The County Council has identified a gap between supply and demand of around 200 units of supported living accommodation both now and into the future. Whilst the shortfall reduces over the next two years as pipeline schemes complete growing demand shows an increase from that point forward.

They identify particular gaps in Transitions Accommodation for 16-25 year olds and those with complex needs.

Homes for Older People

The Retirement Housing sector (from age-restricted over-55 housing to housing with care*), currently comprises 725,000 homes, which equates to c.2.6% of the total housing stock in the UK. According to the latest EAC data, around 23% of retirement stock is private housing. A recent survey conducted for Retirement Homesearch, a retirement property specialist said that “19% of over-50’s believe it ‘likely’ that they’ll spend their autumn years in a purpose-built retirement community”. This highlights the gap between current supply and projected demand for retirement housing in the UK.

An aging population will create increasing challenges for housing providers with the number of people aged 90 or over is set to almost double in the next 10 years.

Ensuring designs of new homes are age aware will ensure new supply is flexible to meet a range of needs. SCIEs "The 100-year life: the role of housing, planning and design," recommends 90% of new homes be built to accessibility standards M4(2) and 10% built to the enhanced M4(3) standards.

Housing provision that meets the needs of older people also has significant benefits to their health and wellbeing while easing social care and NHS budgets. Properly adapted and energy efficient housing can reduce the need for social care and improve wellbeing. However, the central dilemma we encountered concerned the problem and cost of delivering care services to older people in more remote locations. Care agencies report difficulties in recruitment and local authorities face extra costs for transport and unproductive time in providing domiciliary support to rural communities. However small scale provision in large numbers of villages would often be the preferred solution for those who otherwise simply refuse to take the step of moving from unsuitable properties. There are real advantages in meeting local requirements within village settings: these can enable continued support from family and friends, with consequent savings to the State. Small projects for a few (relatively high density) bungalows could assist those moving from agricultural dwellings, housing association and local authority family houses, and owner-occupied homes that no longer served their purpose. Purpose-built accommodation for those "right-sizing" could preserve independence and reduce the need for care and support. Currently there are 197 applications on the housing register where all members are over the age of 60.

The development of specialist housing has reduced over time whilst the population of over 65s has increased. The development of new accommodation-based schemes currently occurs at the rate of 15% of the actual demand⁵. Increasingly the emphasis is on enabling older people to continue to live at home by adapting their physical environments and providing additional services to assist them to "stay put". This principle places a particular focus on social landlords given the concentration of this and wider social need within social housing stock of all types.

The County Council have forecast that the number of people aged 65 or over who are unable to manage at least one mobility activity on their own in Leicestershire will increase 64% from 25,035 in 2017 to 41,082 in 2035. Whilst those unable to manage at least one domestic task on their own will increase 59% from 55,629 to 88,531 over the same period.⁶

Between 2019 and 2035 the County council have predicted that the number of people living in Leicestershire with dementia will increase by 80% to 17,028 by 2035.

Although a number of bungalows and flats suitable for older people have been built in recent years it is some time since a specialist affordable older persons scheme has been developed in the District.

To address this fact the provision of an Extra Care scheme in Ashby has been negotiated as part of a section 106 agreement. Because of the additional costs involved in developing such a scheme for both capital and revenue funding this has been a long term ambition that started on site in Autumn 2019 over 4 years after discussions began. The scheme will be funded by a combination of developer subsidy through the provision of land, Homes England and Local Authority funding to top up borrowing by EMH.

⁵ https://www.supportsolutions.co.uk/briefing/issue_12/silver_surge.html

⁶ Leicestershire County Council Social Care Accommodation Investment Prospectus 2019-2037

The scheme comprises 65 one and two bedroom apartments specifically designed to enable residents to live independently with 24 hour support on site, and personalised care and support packages available as and when needed.

All the apartments are designed to allow wheelchairs and mobility aids to be used. The front entrance has a video door entry system, and each apartment also has its own secure entrance.

Accommodation for people with social care needs

The County sets out in its prospectus “Building accommodation to meet the needs of people in Leicestershire,”⁷ a number of priorities for development across Leicestershire over the next three years. In summary these are

Type of Scheme	2021	2022	2023
Extra Care		100 units	100 units
Supported Living	70 units	50 units	30 units
Transitions Accommodation	6 units	6 units	6 units
Transforming Care / Complex	4 units	4 units	4 units
Dementia Unit		20 units	
Assessment Provision	10 units		

Adapted Housing

The 2011 Census reported that in Leicestershire there were: 267,434 households; 63,613 households (24% of the total) had one person in the household with a long-term health.

When joining the housing register applicants are able to self-assess against 3 criteria. The numbers self assessing are shown below

Self Assessment Category	
Requires single level accommodation	121
Requires single level accommodation and level access shower	124
Requires wheelchair accessible accommodation	14

Currently the need for more suitable properties is met through either moving households to more appropriate accommodation, although the number of mobility friendly homes especially larger families are limited, or by carrying out adaptations to an existing property.

⁷ <https://resources.leicestershire.gov.uk/adult-social-care-and-health/working-with-the-council/building-accommodation-to-meet-the-needs-of-people-in-leicestershire>

In the first quarter of 2020/21 the Council had already identified works in excess of the annual adaptations budget.

Traditionally the majority of adaptations work was carried out on smaller older persons accommodation however in recent years there has been a shift toward improvements to family housing.

Each year the Council provides around 5 ground floor extensions to create a ground floor living space for a resident with severe mobility issues. Despite the expense these rarely provide an ideal environment and still fall short of modern accessibility standards. Furthermore there is a shortage of family homes suitable for such adaptations.

Properties with level access showers, and 1200mm wide paths to allow wheelchair access/egress are particularly in demand and often not cost effective to adapt and internal layouts can make some properties, even bungalows unsuitable for wheelchair users.

In fill development would allow for accessible properties to be built close to amenities and community support.

Other supported accommodation

Foyers

In recent years there has been a reduction in supported accommodation schemes such as Foyers which are designed to meet the needs of younger people who need assistance with independence. Although the County Council has commissioned some provision for 16 and 17 year olds there is little specialist provision once people turn 18 despite anecdotal evidence of need.

Refuges

Refuges are another type of specialist provision which has seen their capacity reduced in recent years despite people fleeing domestic violence consistently appearing in the top 3 causes of homelessness. There was a real concern that the proposed changes to funding for short term supported accommodation would lead to even further erosion of such provision although the Government has recently withdrawn their proposals in this area.

Other groups

As a result of the “Everybody In,” response to Covid 19 the shortage of specialist accommodation for people with complex needs has risen up the agenda. Whilst there is insufficient need from North West alone to warrant specialist provision if a suitable opportunity arose there is likely to be sufficient demand for a sub-regional scheme although the success of any such provision is likely to depend upon revenue funding.

Gypsy and Traveller Accommodation

The Leicester City and Leicestershire Gypsy, Traveller and Travelling Showpeople Accommodation Assessment 2017⁸ identified the need for 36 transit caravan spaces (or managed equivalent) spread over 2-3 sites elsewhere in Leicestershire. Transit sites are normally delivered as affordable housing often through HCA funding and managed by Local Authorities as subsidy is necessary for such schemes to be deliverable.

⁸ <https://www.leicester.gov.uk/media/183586/gypsy-traveller-and-travelling-showpeople-accommodation-assessment-report.pdf>

Rural Housing

For over 15 years NWLDC have been actively involved in the Leicestershire Rural Partnership whereby they have jointly funded a rural enabling service to help deliver rural affordable housing in the district.

To facilitate this a 5 year rolling survey of rural villages is carried out to ensure an up to date evidence base of need. This evidence base can then support planning applications for rural exception sites under policy H5 of the local plan.

The table below shows the survey results that identified a need in excess of 5 units. All of the North West villages are covered by 32 surveys which have currently identified a need for 116 rural homes in total.

Settlement(s)	Year of survey	Total Affordable Housing Need	Total Rented Need	Total Shared Ownership Need
Ashby Woulds Town Council (including Moira, Albert Village, Overseal)	2018	24	19	5
Donisthorpe	2018	11	7	4
Long Whatton	2016	10	4	6
Appleby Magna	2016	9	7	2
Belton	2016	7	5	2
Diseworth	2016	7	5	2
Swannington	2016	7	4	3
Oakthorpe	2018	6	4	2

Rural exception sites deliver affordable housing for people connected to the village. This means that it is important that future lettings are to eligible households both in terms of connection to the village and affordable housing need. As a result it is only appropriate to deliver exception site homes through a recognised provider of affordable housing to ensure that the conditions remain in perpetuity

Need for Affordable Home Ownership

The HEDNA identified the level of need for Affordable Home Ownership at 40 units per annum for the District.

As there is a degree of substitution between products this can be met in a number of ways. Most purchasers of Affordable Home Ownership products do have a degree of choice and could instead select Private Renting and so need is more closely aligned to demand than affordable rented homes.

Existing Home Owners Experiencing Difficulties

Whilst the majority of affordable home ownership products are targeted at first time buyers there have been a number of programmes particularly at times of market downturn, to support existing home owners falling into difficulty including flexible shared ownership models.

It is difficult to identify the demand/need for such schemes though as there are a number of variables that impact on whether such options are viable for both the occupier and housing provider.

Standards of Affordable Housing

Traditionally the majority of affordable housing developed in the UK was built to the Homes and Communities Agency Housing Quality Indicators (HQI) standards even where the HCA was not the primary delivery agency. These were a set of 10 prescriptive criteria that set out expectations for affordable housing above and beyond those required for Building Regulations.

As a result of the deregulation agenda these standards were dropped as a national requirement.

The Council is committed however to developing high quality homes and will develop a newbuild specification that reflects this aspiration and strives for the highest design and build standards economically achievable.

Particular attention will be paid to how we can support the Council's Carbon Commitment through the newbuild programme.

Furthermore where capital funding is provided to partners to deliver affordable housing similar expectations will be a pre-requisite of such funding.

How we will plug the gap

Delivery Against Identified Need

The table below shows delivery against the need identified in the HEDNA since 2011-12.

There has been a shortfall in rented units in every year with only 55% of the required need delivered over the 9 year period. By contrast 78% of the affordable Home Ownership need has been met and over the 5 year period 2013-14 to 2017-18 this need was met.

	Culm Rent	Culm AHO	Rent shortage	AHO shortage
2011-12	44	16	116	24
2012-13	104	47	216	33
2013-14	229	73	251	47
2014-15	306	113	334	47
2015-16	393	152	407	48
2016-17	489	196	471	44
2017-18	581	248	539	32
2018-19	685	261	595	59
2019-20	794	281	646	79

What We Will Do About The Gap

The table above illustrates the fact that whilst there is a shortfall in affordable housing across both rented and Affordable Home Ownership the level of delivery against need for rented units is significantly lower than Affordable Home Ownership.

It is also likely that the changes to NPPF requiring 10% of major developments to be Affordable Home Ownership will over time increase the proportion of units of this tenure delivered through planning gain. As a result a key priority for Council support will be increasing the delivery of rented accommodation.

It is unlikely that the Council has capacity to fully meet the current shortfall and so we will need to continue to act as a strategic enabler and work with partners to increase delivery of affordable housing across the district. Furthermore there will be opportunities to use our resources to both increase overall delivery but also ensure a better strategic fit.

Given the current focus on Affordable Home Ownership from Central Government through both planning policy and the Affordable Homes Programme administered by Homes England the Council is likely to play a more direct role in the delivery of affordable rented homes.

As strategic enabler

As a strategic housing enabler there are a number of actions that we can take to support an increased and improved delivery of more affordable housing. Whilst we will continue to identify opportunities to enhance our enabling role areas for prioritisation are discussed below.

Better use of 106s

As discussed previously, section 106 agreements are an effective mechanism for delivering traditional housing products through planning gain. Between 2000/01 and 2019/20 57% of new affordable housing in the district has been delivered in this way.

The rent reduction announced in July 2015 lead to a significant reduction in demand for section 106 homes and as a result the cascade mechanisms within these agreements came under increased scrutiny. By standardising the approach to future cascades the Council can ensure that even where a site does not deliver the preferred policy compliant affordable housing mix the opportunity to respond to local needs is not compromised.

As the Council, as strategic housing authority negotiate the affordable housing provision within the section 106 agreement the onus on ensuring that the affordable housing scheme is attractive to prospective bidding rests with the Council. Whilst the Council has recently bid for a number of section 106 sites it is important that we act in an objective manner and ensure that negotiations are informed by both need and the likely demand from a range of potential bidders

Currently there is a clear preference from RPs for family housing with many expressing reservations about taking on sites with a significant number of one bedroom units. In terms of these smaller units there is a strong preference for designs that minimise the amount of communal space and as a result management issues and service charges.

Whilst we will do everything we can to ensure that there is a market for the affordable units on section 106 sites there may be circumstances where there is still interested RP. In such circumstances the Councils preference for a cascade are:

- Optimal Offer
- Gifted Units
- Commuted Sum
- Discounted Market Sale

Whilst this is indicative of the usual preferred hierarchy agreements will be drafted to allow the Council to vary these at their discretion to reflect individual circumstances.

An explanation for each is set out below

Optimal Offer

Section 106 agreements are usually negotiated as part of an outline planning permission and so a developer or land owner will often not have an RP in place at the time of signing. Furthermore assumptions will have been made about income to be received for the affordable housing at the time of securing the outline permission.

If at the time of delivery the developer cannot contract on a policy compliant affordable housing scheme, and viability issues can be demonstrated then the Council's preference is for an "optimal offer." In these circumstances the developer in discussion with potential purchasers should identify a mix that can be delivered through either reducing the overall level of affordable housing and/or switching tenure of a proportion of units to improve overall viability. Preference will be given to schemes that maximise the delivery of rented units.

Gifted Units

There were a number of situations in the immediate aftermath of the rent reduction where developers were not able to secure providers who wished to take on the affordable housing. In a number of circumstances the Council agreed to a reduced number of units on the scheme which were then transferred to the council as affordable housing provision at no cost. Whilst the demand for section 106 units from RP's has increased again and there have been no recent approaches from developers unable to secure an RP, but gifted units are still an option that will ensure delivery of a proportion of rented units where a more advantageous optimal offer cannot be agreed.

Commuted sums

Commuted sums are payments made by developers in lieu of affordable housing delivery on site. Whilst the Council's priority will normally be for affordable housing to be delivered on site there will be situations where this is not possible.

When will a commuted sum be considered?

In some circumstances site viability will be such that no affordable housing can be provided. In this situation the commuted sum sought will be the maximum that an independent expert deems affordable.

There will also be situations where there is an affordable housing requirement but the development does not lend itself to on site delivery such as private retirement villages or build to rent schemes.

In these circumstances a robust approach to quantifying the expected payment will be required and the contribution should at the very least provide sufficient resource to develop sufficient homes to offset what should have been delivered on site.

Calculation of commuted sum

As mentioned above there will be situations where a commuted sum is provided because of viability issues with the site. In these circumstances the level of payment will be set by an independent surveyor.

As part of the preparatory work for the local plan the Council commissioned Cushman and Wakefield to test the viability of the plan. To do this they made assumptions on the level of discount that a developer would expect to provide for affordable housing developed on site. They concluded that

for Social Rented units RPs would offer 35% of OMV, for Affordable Rent, 45% and for shared ownership 60%.

As 106 units are intended to be self funding from the resultant income stream we can therefore assume that an RP will require subsidy of 65% of OMV for social rented units, 55% for Affordable rent and 40% for shared ownership.

By making assumptions about a notional on site mix of affordable housing a figure can be calculated having regard to these levels of discount and the OMV of units on site. Where the development does not have appropriate unit types a 2 bed town house in the location of the site in question will be used as a proxy for valuation purposes.

Discounted Market Sale

The Council's preference for LCHO is as shared ownership because there can be flexibility in the share purchased and in most instances a social housing provider to act as custodian of the property, and future sales.

Furthermore there can be difficulties for homeowners securing mortgages on such products due to a lack of consistency in provision leading to a cautious approach from lenders. With no provider involved in the transaction, monitoring resales and ensuring such homes continue to meet an affordable housing need is also problematic. Whilst the Council will consider discounted market sale where no RP is forthcoming for the Affordable Home Ownership the Council will only accept Discounted Market Sale where there is no viable alternative.

To ensure that the property meets a genuine affordable housing need it is expected that the level of discount will be set having regard to both lower quartile incomes and lower quartile house prices in the locality of the site. Furthermore there should be no incentive for the developer to seek Discounted Market Sale over other tenures simply to inflate their capital receipt for the affordable housing unless they can demonstrate an issue of viability.

Other models of affordable housing

The council is committed to delivering affordable housing that is affordable in perpetuity and continues to meet housing need or allows the recycling of subsidy. This is most effectively achieved by developing products where an affordable housing provider has control over the allocation of properties.

When considering other tenures or models of provision the Council will ensure these are on comparative terms to affordable rented and shared ownership both in terms of affordability but also in terms of meeting an affordable housing need in perpetuity.

Financial support to Registered Providers

The Council has some capital funding available to support the delivery of affordable housing. This is often received in lieu of affordable housing delivered by private developers but may arise from other capital receipts.

This money can be used to support direct council delivery or other development partners working in the district.

Such monies can be used to pump prime sites so that they are suitably attractive for more substantial Homes England Funding or be used to bring forward schemes that would not meet Homes England strategic priorities.

There is a trade off then between lower levels of support used as leverage which will predominantly deliver more traditional housing products or significantly higher levels of support to bring forward more specialist units that would not meet vfm criteria for other funding.

The Council has taken a pro-active approach to supporting RP development in the district in the past and has provided financial support to a number of RPs to ensure development within North West Leicestershire.

The Council is making a capital contribution of £1.25m to EMH to ensure the delivery of the Extra Care scheme in Ashby and in recent years the Council has supported RPs to deliver 204 new homes at an average contribution of £8,815 per unit.

The Council will continue to offer financial support to registered providers and maintain ongoing dialogue with developing RPs to ensure they are aware of our strategic priorities whilst encouraging and supporting them to remain active in our district. Our priority will be to support schemes that meet needs which are not easily met through other routes.

Working with Homes England

As a strategic housing authority NWLDC are required to provide strategic support to RP bids when seeking Homes England funding.

The Housing Strategy team work closely with the developing associations active within the district to ensure that proposals that they bring forward compliment existing provision and meet the future demands as forecast.

Equally though we are realistic about the constraints within which they work and the need for proposals to meet the wider priorities of Homes England and so acknowledge that proposals may at times need to be best fit rather than perfect fit.

We encourage RPs to approach us at the earliest possible stage in working up development proposals to allow us the maximum opportunity to support the development and maximise the best fit.

Currently there are a number of providers developing proposals for larger affordable housing lead scheme in the North West area. We are having strategic discussions with Homes England to ensure they understand the opportunities and challenges larger scale development can present to allow better co-ordination of such schemes.

We will continue to work with all stakeholders to allow us to be more pro-active when dealing with such opportunities going forward.

We will involve our local RP development partners in developing priorities to ensure that we can add value to developments within our district.

Council Delivery

Site Identification

One of the biggest challenges facing the Council when progressing a development pipeline is the availability of land. The majority of Council direct development to date has been on infill development within HRA land holdings but such sites are often small and with constraints that are often the reason they remain undeveloped.

Of the 6 HRA sites developed to date 5 of them delivered just 13 units between them.

A number of potential sites are currently on hold due to a restriction on development within the catchment of the River Mease and significant activity on site finding within our ownership has led to a significant number of sites discounted out of hand and a small number of potential sites warranting further investigation but with limited capacity for development.

Whilst infill development will continue to have a role to play alongside estate and environmental improvements to increase the scale of delivery to meet the Council's aspirations a pro-active programme of site acquisitions will be commenced.

This will allow us to direct our focus in areas of identified need and increase our scale of delivery which in turn should enhance value for money.

Delivery

The first phases of the Council's newbuild programme were delivered directly by the Council identifying sites and then procuring a development partner to build on our behalf.

The initial procurement has now expired and work is underway to procure a replacement. A range of options through framework arrangements are currently being explored.

We intend to procure a replacement contractor by the Autumn with the aim of securing a contract that allows flexibility as opportunities arise whilst providing continuity to build up relationships over a number of phases of development.

At the same time we are also looking to develop capacity inhouse to begin construction with our own labour force.

The Council will begin a pilot programme as direct developer in the next phase of the newbuild programme with the ambition to take the lead in the majority of newbuild over time.

Partnership opportunities

The Council developed the Police Station site in Coalville in partnership with Countryside Developments. Countryside are a Homes England Investment Partner who had secured funding for the scheme. As they are not a landlord themselves their developments are always done in partnership. The Council as the ultimate stock holder became the final recipient of the grant funding.

The Council will continue to explore partnering arrangements with other organisations that can bring added value to development alongside our direct development.

Furthermore the Council will explore the opportunities for partnership arrangements with existing housebuilders where opportunities to secure homes originally intended as market housing are advantageous to both parties.

Planning Gain

The Council has in the past taken receipt of gifted units where no RP was willing or able to make a viable offer for the scheme and has more recently begun to make offers for some section 106 sites when approached by developers. Currently there are two sites where the Council is the preferred Registered Provider and is expected to become landlord.

Both of these sites were small and unattractive to other partners because of the diseconomies of scale in management. This will be less of an issue for the Council. It is important however that by joining the market for section 106 schemes the council doesn't simply inflate the value of such schemes pushing out existing partners.

Whilst section Right to Buy one for one money cannot usually be used to fund section 106 purchases as they are not delivering additional affordable housing, some local authorities have used the funding once there has been no offer made under normal circumstances and the units would otherwise be lost as affordable housing. Such an approach would increase the available resources to fund acquisitions although the pipeline of potential schemes will be dependent on the activity of other partners.

On all of the planning gain sites the Council has secured units to date an agreement has been reached with the developer to deliver the entire affordable housing element as rented units. Now that the NPPF specifies a proportion of a site to be delivered as Affordable Home Ownership there will be a need to address this when negotiating for such sites in future.

Ad-Hoc Purchases

Whilst in recent years the majority of new affordable housing has been brought forward through new development there are opportunities to increase the affordable stock by changing the tenure of market homes.

To facilitate open market acquisitions delegation has been granted to the Head of Housing to bid on properties at auction within pre-defined parameters. To date bids have been placed on one property that had been subject to a financial appraisal but the level of offer was significantly below the successful bid.

Because of the wider benefits of bringing empty properties back into use a pilot project was undertaken to engage with property owners with a view to purchasing as housing stock. However no suitable property could be identified.

There may also be situations where we are approached by an existing owner occupier who has fallen into difficulty who is seeking a “mortgage rescue.” These will be appraised on a case by case basis.

Where a former tenant has exercised their right to buy and wishes to sell within the first ten years there is a right of first refusal for the Council. Each property is appraised when the Council is approached but as the majority are offered at full market value their impact on the HRA business plan is often negative.

Whilst ad-hoc purchases are unlikely to be a significant source of new supply to the Council such purchases do offer opportunities to address wider social issues, acquire stock in areas where no other opportunities may exist and can acquire homes in a much shorter timeframe than traditional development and so opportunities that are identified will continue to be assessed on their merits.

Other Strategic Considerations

Value for Money

The Council is committed to becoming more active in the development market. However it is important that when investing in new housing the Council can demonstrate value for money.

On 9th January 2019 a report was taken to Policy Development Group on the Value for Money of the newbuild programme. This concluded the programme has delivered environmental and regeneration benefits to the local estate / neighbourhood, as well as delivering a significant long term benefit to the HRA.

When appraising in house development opportunities the Council will assess value for money against alternative provision through other local partners. Where RP partners are better placed to

deliver the Council will continue to support RPs through access to funding and land deemed surplus by the Council.

Design Standards

As an authority NWLDC place a high value on good design. Nowhere is high quality design more crucial than for affordable housing where use of space is of a premium and layout and the use of open space can impact on the viability of schemes because of the implications of service charges.

The Council has/will develop guidelines on affordable housing on section 106 sites to inform developers at initial design stage of what is likely to be acceptable to the council and secure interest from RPs.

Meeting Specialist Needs

The Council will work with the County Council to develop an evidence base for specialist affordable housing. Alongside this needs information we will work with a range of stakeholders to better understand the requirements of specialist housing so that we are able to robustly advocate such provision as part of wider developments.

Furthermore where identified specialist needs cannot be met through other funding routes the Council will prioritise these areas for direct intervention either within the development programme or through support to partners.

Rural Affordable Housing

The Council will continue to work collaboratively with local partners to ensure a rolling programme of housing needs surveys are carried out

Carbon Impact

The Carbon impact of new development is not just the energy efficiency of a home during its lifetime. Construction itself is a significant source of carbon emissions. As a result the Council will explore opportunities to minimise and mitigate the whole carbon impact of its development programme.

Summary of Actions

The strategy has identified a number of priority actions to support the Council's ambition to increase and improve affordable housing supply.

We will work with the County Council to understand the levels of need for specialist housing within the district

We will develop a clear and transparent approach to section 106 agreements, in particular how we will deal with situations where a developer cannot provide a policy compliant on site affordable housing scheme.

The Council will continue to offer financial support to registered providers developing in the district. Our priority will be to support schemes that meet needs which are not easily met through other routes.

We will work with Homes England to develop a more pro-active approach to larger predominantly affordable housing developments within the District.

As a developer we will begin a programme of pro-active site acquisition to accelerate new home delivery.

We will procure a new development partner to support us with the next phase of our newbuild programme whilst growing our in house capacity to develop sites directly in the future.

We will pro-actively seek partnerships that can bring added value to our development aspirations

We will continue to appraise section 106 opportunities however we will only bid for properties where there is no viable bid from other registered providers.

We will consider the opportunities within our own programme to develop specialist accommodation that is not forthcoming through other programmes.

We will develop a newbuild specification for our own programme and ensure that Capital funding is only provided to schemes with similar high standards.

Appendix One – Low Cost Home Ownership Products

Shared Ownership

One of the most common is shared ownership whereby a would be homeowner purchases a proportion of a property from a registered provider either with savings or through a mortgage and then usually pays rent on the remaining share. Such arrangements will be at a lower overall cost than outright purchase.

Discounted Market Sale

Discounted Market Homes are properties that are sold outright but at a fixed discount from the open market value with a charge attached to the title that ensures future sales remain below market value and the property is only sold to others in housing need.

Starter Homes

Starter Homes as a specific product were first mooted towards the end of 2014 as a route to home ownership for those under 40. Subsequent detail was added to the scheme which would help first time buyers between 23 and 40 with a household income of £80,000 or less (£90,000 in London) buy new-build properties at a discount of at least 20%, for which the discounted price is less than £450,000 in London but £250,000 everywhere else in England.

It is unclear as to the future of starter homes considering the intention to introduce “First Homes”

First Homes

First Homes are homes delivered as part of new developments sold with a discount of at least 30 percent. They will be sold to people unable to access owner occupation through the market and there will be an element of local connection attached in most cases. First-time buyers, serving members and veterans of the Armed Forces, and key workers, such as nurses, police and teachers are likely to be prioritised. The discount will be passed on to future buyers when First Homes are resold protecting discounts in perpetuity.