

FAREHAM

BOROUGH COUNCIL

Report to Housing Scrutiny Panel

Date **25 March 2021**

Report of: **Deputy Chief Executive Officer**

Subject: **AFFORDABLE HOUSING STRATEGY UPDATE**

SUMMARY

The Affordable Housing Strategy was adopted in October 2019. Within the Strategy three key objectives were identified together with a series of actions to support those objectives.

Nearly 18 months on from the adoption of the Strategy this report provides an overview of progress against those objectives. This is intended to assist the Housing Scrutiny Panel to 'undertake post scrutiny of the new [Affordable] Housing Strategy', a Housing Scrutiny Panel priority.

In a relatively short space of time and with the added complexities around the COVID-19 pandemic, much progress has been made against the objectives of the Strategy. On-going and further work will still be required to address all the objectives and actions of the Strategy.

This report also recognises that a review or addendum might be required to the Borough's affordable housing need figures. This follows changes in evidence around the need for intermediate affordable homes and some potential change in the need figures for Social/Affordable Rent homes.

RECOMMENDATION

It is recommended that the Housing Scrutiny Panel note the progress already made against the objectives and actions of the Affordable Housing Strategy, and the work to still be done.

INTRODUCTION

1. In October 2019 a new Affordable Housing Strategy was adopted by the Council (see Appendix A). This superseded and replaced the previous Housing Strategy (2010) and Affordable Housing Strategy (2005).
2. The 2019 Strategy included three Key Objectives. Various actions were also identified to support those objectives.
3. Officers have reviewed progress (as at March 2021) against the Strategy and considered where further work is still required. This includes recognition that some areas of the Strategy (around affordable housing need) may require an update during 2021.

PROGRESS ON KEY OBJECTIVES & ACTIONS

4. The three Key Objectives to the Strategy are: -
 - 1. To deliver more affordable homes through the planning system.
 - 2. To ensure those homes are the right homes in the right places and that they are truly affordable for those that need them.
 - 3. To directly deliver more affordable homes by Registered Providers and Fareham Housing; especially targeting those in greater need.
5. A series of actions accompany each of the objectives in the Strategy (pages 20-25 of the Affordable Housing Strategy). The actions, and progress toward them, are outlined below. It is important to note that many of the actions are ongoing or continuous in nature, rather than an action that can be deemed as complete.

<u>Objective 1: Action 1</u> Work positively with the developer(s) of Welborne Garden Village to ensure an appropriate amount and mix of affordable homes is provided.	Status: Ongoing
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6. Fareham Housing have been actively involved in the Welborne Garden Village discussions on affordable housing, including the s106 agreement that will accompany the grant of planning consent. Input from Fareham Housing has included ensuring that (a) the mix of affordable property sizes will be appropriate to need; (b) any Affordable Rents will not exceed the Local Housing Allowance; and (c) we will have appropriate control over the mix/location of the affordable housing on individual phases.

<u>Objective 1: Action 2</u> Require developers to better match the affordable homes provided on a site to the local affordable need in terms of tenure and size of homes, having regard to the location of the site.	Status: Ongoing
<u>Objective 1: Action 3</u> Continue to review, and where appropriate, critically assess any planning proposals where an Affordable Housing offer is made that does not match our policy and/or local need.	Status: Ongoing
<u>Objective 1: Action 4</u> Be pragmatic, flexible when appropriate and justified, particularly where it facilitates addressing a specific or bespoke affordable need.	Status: Ongoing

7. Actions 2-4 above all reflect the engagement with developer/applicants as part of the planning process. An analysis of the Council's Housing Register was completed in the first instance; allowing Officers to understand the areas of the Borough with greatest affordable housing need and how the need by property size varies. This information was made available on the Council's website and can be used by developers/Register Providers to help inform the mix of affordable homes on new developments. It is also used to assess whether affordable housing provision on developer led proposals is appropriate for local affordable need.
8. Fareham Housing are consulted on all major residential pre-application enquiries and planning applications. When needed the developer is asked to adjust and change the mix of affordable property sizes and types to ensure it better reflects the Borough's local affordable need. There have been many occasions where the affordable housing offer has been significantly improved following officer input.
9. In most cases developer led schemes can provide a policy compliant amount of affordable homes on-site (typically 40% of homes on major development). In some cases, due to the location and nature of the site and/or viability issues, on-site affordable housing is not possible or appropriate; this only occurs in a small minority of cases. Where possible a financial contribution is secured which can then be used toward affordable home delivery elsewhere.

<u>Objective 1: Action 5</u> Develop and progress a new Affordable Housing SPD that addresses Affordable Housing provision; this will be used in planning decisions	Status: Unmet
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10. The Strategy originally envisaged that the new Affordable Housing Supplementary Planning Document (SPD) will be adopted in 2020/21. This is an outstanding action at this stage.
11. Officers have undertaken a significant amount of work toward a draft SPD but, following discussion with Planning Strategy during 2020, it was jointly considered appropriate to pause work on the emerging SPD. This will allow it to be produced alongside or shortly after the emerging Local Plan. The SPD can then reflect the new Local Plan policies on affordable housing and the many changes that are still emerging nationally around affordable housing. For example, the potential introduction of First Homes and changes around Shared Ownership.

<u>Objective 1: Action 6</u> Encourage appropriate alternative and innovative Affordable Housing approaches such as self-build and modular construction.	Status: Ongoing
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12. Modern Methods of Construction (MMC) are being increasingly considered by housebuilders, including Registered Providers. As part of the Homes England Grant programme 2021-26 it is also been actively encouraged. At this stage Fareham Housing's own direct delivery does not include use of MMC (such as modular buildings), this may change in the years ahead as/when it becomes more cost effective and more established.
13. Affordable self-build can be challenging; eligible individuals would normally need to be able to finance and deliver a project. In the short term the Sea Lane site will be progressed for open market self-build plots. The Council's net receipts from the project will support affordable housing delivery elsewhere.

<p><u>Objective 2:</u> Action 1 Produce key information on Affordable Housing need informed by the Housing Waiting List. This will be made available on the website and kept regularly up to date. It will focus on the location of need and the mix of homes required; this will help inform new Affordable Housing provision.</p>	<p>Status: Complete</p>
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14. This action has been completed and is reviewed and updated when required to ensure the information is up to date.

<p><u>Objective 2:</u> Action 2 Ensure new Affordable Rents (i.e. up to 80% of market rent) do not exceed what could be received in benefits (i.e. a Local Housing Allowance cap)</p>	<p>Status: Complete</p>
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15. This action has been successfully applied. In all s106 agreements negotiated since the adoption of the Strategy the definition of 'Affordable Rent' includes a requirement that the rent charged is 80% of market rent or the relevant LHA, whichever is the lower.

<p><u>Objective 2:</u> Action 3 Seek to achieve some of the most affordable homes, such as Social Rent, both on Fareham Housing led sites and through the planning process. This will be particularly beneficial for those customers subject to the national Benefit Cap.</p>	<p>Status: Ongoing</p>
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16. Social Rent can be difficult to provide as the rents achieved do not necessarily cover the cost of construction and on-going management/maintenance of the properties. Despite this Fareham Housing will have provided 20No. new Social Rent properties directly during 2020/21.

17. In terms of developer led and Registered Provider affordable home delivery we have been able to secure a limited number of Social Rent properties through s106 agreements. Key providers such as Vivid will also be actively increasing their direct delivery of Social Rent properties as part of a Homes England Partnership arrangement.

18. The emerging Local Plan is expected to include a policy that will require a proportion of on-site affordable homes to be provided at Social Rent.

<p><u>Objective 2:</u> Action 4 Produce a new Allocations Policy. This will include looking at the best way to allocate households to available affordable homes when considering their needs.</p>	<p>Status: Complete</p>
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19. This action has been completed. The draft Allocations Policy was consulted on in autumn 2019 and subsequently adopted in December 2019. It is now being used/applied.

<p><u>Objective 2:</u> Action 5 Continue to value partnerships with providers of Affordable Housing and other related supporting organisations to help address Affordable Housing need and homelessness.</p>	<p>Status: Ongoing</p>
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20. Fareham Housing continue to work well with key partners. This includes Two Saints in relation to homelessness and the Wayfarers Partnership in relation to affordable housing delivery. Regular communication with various Registered Providers also

occurs in relation to their emerging proposals for more affordable homes in the Borough.

<p><u>Objective 2: Action 6</u> Produce a policy that seeks to identify appropriate 'green' opportunities and solutions for Council owned housing stock (current and/or new).</p>	<p>Status: Complete</p>
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21. This action has been completed. The Fareham Housing Greener Policy was adopted in December 2019. On-going work is already underway as part of this and the Council's wider Carbon Reduction intentions to identify opportunities to reduce the carbon footprint of the Council's Housing stock. Emerging new build projects by Fareham Housing also largely go above and beyond the minimum requirements in terms of green credentials.

<p><u>Objective 3: Action 1</u> Continue to progress existing Fareham Housing projects to provide approximately 70 new affordable homes across six sites</p>	<p>Status: Ongoing</p>
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22. Since adoption of the Strategy 11 No. new Fareham Housing affordable homes have been completed (Oak Tree Close and part of Rose Court).

23. During 2021/22 the remaining 12 No. flats at Rose Court will finish and work will start on 16 No. sheltered flats at Station Road and 11 No. Shared Ownership homes at Stubbington Lane. Work should also start on 9 No. Shared Ownership flats on the former Coldeast Scout Hut site and 2 No. large disabled adaptive Social Rent homes in Queens Road.

24. Future years will also see progress with projects at Wynton Way, Assheton Court, Crossfell Walk and Menin House.

25. The above projects will together provide in excess of 70 new affordable homes in the Borough. Meanwhile work is underway to identify future sites and projects as part of an ongoing rolling supply.

<p><u>Objective 3: Action 2</u> Seek opportunities for larger new build projects, potentially through Aspect Building Communities Limited (the Council's Joint Venture housing delivery company) or in partnership with a Registered Provider</p>	<p>Status: Ongoing</p>
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26. Since the borrowing cap against the HRA was lifted the driver/need to use Aspect has altered. Partnerships or the use of Aspect might still be considered in the future if it will help assist or benefit the delivery of a project. For example, this could include potential access to grant funding via a Registered Providers arrangement with Homes England, rather than the Council seeking/applying for funds directly.

<p><u>Objective 3: Action 3</u> Produce a Sheltered Housing Strategy and rolling Sheltered Housing Action Plan to deliver more Sheltered Housing properties for older people and, where required, aim to improve and update existing facilities. Assheton Court in Portchester will be one of the early projects to be addressed.</p>	<p>Status: Ongoing</p>
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27. The Council's Executive agreed the principle to redevelop Assheton Court in December 2019 and work is underway on the potential redevelopment design and approach.

28. In due course it is still the intention to produce a sub-strategy and action plan specifically for the Council's sheltered housing stock.

<p><u>Objective 3: Action 4</u> Produce a Direct Acquisition Plan outlining the approach to buying a small number of private market houses to be used as affordable homes, particularly when they help address specific needs, principally using Right to Buy receipts</p>	<p>Status: Unmet</p>
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29. Although a Direct Acquisition Plan is yet to be produced the Council continue to use 1-4-1 Receipts to purchase appropriate properties to be used as new/additional affordable housing stock. This ensures no receipts are unnecessarily returned to the government. Opportunities for purchase are assessed by relevant Officers in Fareham Housing and in the Council's Property department to ensure they meet the 'right homes in the right places' aspiration and that they are in an appropriate condition and an appropriate value.

30. In time a Direct Acquisition Plan will be formulated to provide more information and clarity around this existing approach.

<p><u>Objective 3: Action 5</u> Maximise funding opportunities to help provide additional affordable homes</p>	<p>Status: Ongoing</p>
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31. Officers have successfully bid for Homes England grant towards housing projects wherever possible. This has regularly included achieving above average grant awards, particularly where it supports the delivery of Social Rent Homes. Grant awards include the following: -

- Oak Tree Close (Bridge Road) £270,000
- Rose Court (Highlands Road) £1,278,000
- Stubbington Lane (Capella Close) £484,000
- Conversion of 123 Bridge Road to emergency bedsit accommodation £45,000

32. Further grant applications pending, or to be submitted this year, include for the developments at Queens Road, Coldeast Scout Hut and Assheton Court.

<p><u>Objective 3: Action 6</u> Identify and progress regeneration and redevelopment opportunities on existing Fareham Housing land as part of a Fareham Housing Regeneration Strategy.</p>	<p>Status: Complete</p>
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33. On the 1st March 2021 the Councils Executive agreed to the adoption of the new Fareham Housing Regeneration Strategy and the principle to redevelop Menin House. Further redevelopment and regeneration projects will be identified over time.

POTENTIAL REVIEW

34. The Affordable Housing Strategy predominately remains fit for purpose and up to date.

35. The section of the Strategy relating to 'Fareham's Affordable Housing Need' (page 11

of the Strategy) is likely to require some updating during 2021. Officers have become aware that the number of households seeking intermediate homes (such as Shared Ownership) may have reduced. It is understood that this is largely because of data cleansing and updates to the information held by Help to Buy South. Council Officers will need to understand this further and ensure there is continued acknowledgment of those households who would like to make the step to homeownership, but who can't do this on the open market, and who might not necessarily be registered with Help to Buy South.

36. In addition to the database held by Help to Buy South for Intermediate affordable housing, Fareham Housing will be undertaking an exercise to ensure that the information held and number of applicants on the Council's Housing Register is up to date. Although updates are regularly made to the Register the impending introduction of a new Housing System makes this an ideal juncture to fully review the data held so that only accurate information is transferred to the new system.

37. When more information is available on the Borough's affordable housing need the Housing Scrutiny Panel will be advised and updated.

RISK ASSESSMENT

38. There are no significant risk considerations in relation to this report.

CONCLUSION

39. With nearly 18 months having passed since the Affordable Housing Strategy was adopted significant progress has been made. New policy documents have been formed and/or updated, there have been positive impacts through the planning process and there has been delivery of new Council affordable homes.

40. The Strategy is intended to cover the period until 2036. In the coming years Officers expect to make further meaningful progress against those currently 'unmet' actions, whilst also continuing to undertake the actions that are 'ongoing' in nature.

Appendices: A: Adopted Affordable Housing Strategy (2019)

Background Papers: None.

Reference Papers: Allocations Policy
Fareham Housing Greener Policy

Enquiries:

For further information on this report please contact Robyn Lyons (Ext. 4305)