

REPORT TO ECONOMIC DSP

REPORT OF: CORPORATE DIRECTOR (REGULATORY SERVICES)

REPORT NO: DRS25

DATE: 31ST JANUARY 2006

TITLE:	REVIEW OF HOUSING STRATEGY
FORWARD PLAN ITEM:	YES
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	16 TH DECEMBER 2005
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	KEY DECISION

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	HOUSING PORTFOLIO COUNCILLOR MRS FRANCES CARTWRIGHT
CORPORATE PRIORITY:	AFFORDABLE HOUSING – CATEGORY A
CRIME AND DISORDER IMPLICATIONS:	NONE
FREEDOM OF INFORMATION ACT IMPLICATIONS:	The report is available at the Council's website www.southkesteven.gov.uk under the Council's meetings.
BACKGROUND PAPERS:	HOUSING STRATEGY 2004-2007 FORDHAM'S HOUSING NEEDS STUDY REPORT – DECEMBER 2005 FORDHAM'S PRIVATE SECTOR STOCK CONDITION SURVEY REPORT DECEMBER 2005 FORDHAM'S GYPSIES AND TRAVELLERS NEED STUDY – DECEMBER 2005

1. INTRODUCTION

- 1.1 The Council's Housing Strategy is currently under review and is due to be submitted to Government Office East Midlands (GOEM) for a "fit for purpose" assessment at the end of February 2006. The review of the strategy takes account of previous GOEM feedback, the outcome of the strategic housing inspection and consultation which was undertaken during the summer and autumn of 2005.

2. RECOMMENDATION

- 2.1 The Scrutiny Panel is recommended to:-

- (a) Propose that the Cabinet adopt the draft strategy following an Equality Impact Assessment.
- (b) Recommend the inclusion of the outline "Affordable Housing Policies within the Housing Strategy" as identified at Section 7 and seek inclusion of these proposals within the supplementary planning documents.

3. DETAILS OF REPORT

- 3.1 The Council's Housing Strategy has been under review and subject to consultation. The revised Strategy has taken into account previous feedback from GOEM and also the outcome of the Strategic Housing Inspection. The strategy will be released electronically to members but may be made available in hard copy upon request.

- 3.2 In May, Fordham Research Limited were commissioned by the Council to undertake a combined Housing Needs Survey and Private Sector Stock Condition Survey. Three reports have been received from Fordham's:-

- Housing Needs Study report
- Private Sector Stock Condition Survey
- Gypsy and Travellers Study

The executive summaries of the housing needs study report is attached at Appendix A. A supplementary report on the implications of the Private Sector Stock Condition Survey and Gypsy and Travellers Study will be sent to members in advance of the DSP.

The Strategy has also had regard to existing and emerging Government Policies including:-

- Sustainable Communities: People, places and prosperity
- Homes for All Plan
- Consultation Paper on a new Planning Policy Statement 3(PPS3).

- 3.3 Housing Needs Assessment

The study was designed to assess future requirements for both affordable and market housing. The study began by following the Basic Needs Assessment model which estimated a requirement to provide an additional 646 affordable dwellings per annum if all housing needs are to be met (for the next five years). The study continued by looking at the requirements of the Housing market overall using a “balancing housing market” methodology. This again suggested a significant requirement for additional affordable housing to be provided.

- 3.4 Overall the need for additional affordable housing represents nearly double the level of estimated new dwellings in the district (460 units per annum). Fordham’s Study suggests that in light of the affordable housing requirement shown, the Council will need to maximise the availability of affordable housing from all available sources which would include new build, acquisitions, and conversions. The report also highlighted that attention should be paid to the cost to the occupant of any additional housing to make sure that it can actually meet the needs identified within the survey. Appendix B to this report contains the basic needs assessment model which brings together calculations of the backlog of existing need, newly arising need and the supply of affordable units. The overall output from these 3 analytical stages represents the estimated net affordable housing requirement across the district which shows the shortfall of 646 units per year. Further analysis of the level of need reveals a shortfall for all dwelling sizes, particularly for one and two bedroomed dwellings in all locations across the district. The implications of the findings of the report for the new affordable housing policies for South Kesteven District Council are identified later in this report.

Affordable Housing

- 3.5 In considering the needs of the district, Councils not only have to look and consider the basic housing need and requirements for affordable housing but to fully develop informed housing policies. Councils are also required to consider housing demand across all tenures, that is to consider the broader housing market and future changes to establish how far the housing market is “balanced”. Fordham’s analysis of survey data suggests that the owner occupied sector amounts to around 76.5% of the total housing and is dominated by 3 bedroomed properties. Private rented properties make up 9.8% and the sector is characterised by a larger proportion of smaller dwellings. The estimated annual turnover rate in the owner occupied sector is around 8.3% which compares to 20.8% in the private rented sector.

A balancing housing markets assessment was undertaken by Fordham’s and took into account the whole of the Local Housing Market, and considered the extent to which supply and demand are balanced across tenure and property size. This assessment has come to prominence by the work of the Audit Commission in assessing Council’s performance through the Comprehensive Performance Assessment of district authorities. The Audit Commission specification for assessing the balancing of the housing markets, sets out 3 broad questions for the assessment.

- How well does the Council understand its housing market and from its understanding has the Council developed the right proposals to help balance the housing market;
- What are the Council's actions and what outcomes has it achieved in helping to balance housing markets;
- How well does the Council monitor its progress and impact in helping to balance housing markets and how effectively does this feed into future strategy and plans.

3.6 The table below shows the results of the analysis undertaken by Fordham's in relation to balancing housing markets:-

Table 12.4 Total Shortfall or (surplus)					
Size requirement					
Tenure	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	TOTAL
Owner- occupation	67	269	-81	36	291
Affordable Housing	82	326	166	20	595
Private rented	(107)	(147)	(151)	(20)	(426)
TOTAL	42	448	-66	36	460

3.7 A number of conclusions can be drawn from this analysis:-

- 1) In terms of the demand for affordable housing in the district it is clear that this is ongoing. The BHM methodology suggests a significant shortfall of affordable housing of all sizes of accommodation most notably 2 and 3 bedroomed homes.
- 2) Overall the data shows a shortfall of owner occupied housing and a large surplus in the private rented sector. In terms of size requirements, the information suggests that in the owner occupied sector the main shortage is for 2 bedroomed homes where as in the private rented sector all dwelling sizes except for 4 bedroomed properties show similar levels of surplus.

3.8 Both the Housing needs model and the balancing housing markets methodology suggests that there is a requirement for additional affordable housing in the district especially for 2 and 3 bedroom properties as well as a shortfall of owner occupied housing. However it also identifies there will be a considerable surplus in the private rented sector.

Special Needs

3.9 The Housing Needs survey also took account of the special needs of households. The analysis revealed some 17.9% of all of the districts households contained special needs members. Physically disabled is the

largest category with special needs. There are 5,792 households containing a physically disabled person and a further 2,882 with a household member who is frail elderly.

- 4.0 The special needs households in South Kesteven are disproportionately made up of older persons only. Special needs households have lower than an average income and are more likely than households overall to be in unsuitable housing. Special needs households in general, stated a requirement for a wide range of adaptations and improvements to the home. A shower unit, extra handrails and wheelchair access are the most commonly required. The survey also suggested considerable scope for 'care and repair' and 'staying put' schemes, with larger than average proportion of special needs households stating problems with maintaining their home. These factors will be identified within the revision of the Housing Strategy statement.

Key Workers

- 4.1 The Needs Survey also took into account the needs of key workers defined on the basis of categories of employment most notably those including public sector workers. The survey indicated an estimated 9,489 people in key worker occupations and that 4,790 households were headed by a key worker. These households are more likely to be owner occupiers. The analysis identified that 4/5ths of key worker households can afford market housing in the district. Of those that cannot afford, intermediate housing options are only affordable for 33.3%. In terms of the need for affordable housing the study suggests that around 20.6% of the net affordable housing requirement comes from key worker households.

Black and Minority Ethnic

- 4.2 In relation to black and minority ethnic households the survey revealed that 98.9% of South Kesteven's households were white. With the remaining 1.1% being BME households. The survey showed that BME households have a larger average household size than other households. Additionally, results show that BME households are less likely to be owner occupiers and more likely to be living in private rented accommodation. Finally the survey results suggest that white households are particularly likely to be made up of older people and that those households are generally more likely to contain someone with special needs.

Older Persons Households

- 4.3 Some 24.7% of households in South Kesteven contain older persons only and a further 8.2% contain a mix of both older and non-older persons. Older persons only households are largely comprised of one or two persons, providing implications for future caring patterns. Although the majority of older person only households live in the private sector it is interesting to note that a high proportion of social rented accommodation houses older people only (41.7% of all Council and 32.7% of all RSL accommodation). Older person households do not contribute significantly to the overall need for additional affordable housing but may have a significant impact on the future of social housing and the future need of sheltered housing and adaptations.

Overcrowding and Under Occupation

- 4.4 In relation to overcrowding and under occupation the results of the survey suggest that 1.6% of all households are overcrowded and 44.2% under occupy their dwelling. The owner occupied (no mortgage) sector shows the highest level of under occupation; the private and Council rented sectors are the highest overcrowding. Lone parent households and households with 2 adults with children are especially likely to be overcrowded, as are the BME households.
- 4.5 Section 8 below summarises the implications of the Housing Needs Survey for the Local Development Framework and in particular to Supplementary Planning documents. However, whilst the planning process can deliver affordable housing policies and helps meet the need for Affordable Housing through Planning obligations, Section 106 agreements and exceptions sites; a report being considered by Council this afternoon highlights how financial resource could be generated by the Council and utilised for investment in an affordable housing programme, in partnership with Registered Social Landlords, subject to a ballot of tenants agreeing to the Large Scale Voluntary Transfer of Housing.

5. COMMENTS OF DIRECTOR OF FINANCE AND STRATEGIC RESOURCES

- 5.1 No comments at this stage.

6. COMMENTS OF CORPORATE MANAGER, DEMOCRATIC AND LEGAL SERVICES (MONITORING OFFICER)

- 6.1 No comments other than to support the recommendations of the report regarding the use of the most recent survey data.

7. COMMENTS OF OTHER RELEVANT SERVICE MANAGER (PLANNING POLICY UNIT)

- 7.1 The Local Development Framework is a folder of different planning policy documents, once adopted these documents will replace the Councils Local Plan.
- 7.2 SKDC's LDF will comprise an number of different documents including two main policy documents - a Core Strategy (to guide the principles and location of development) and a Housing and Economic Development Plan Document. It will also include a number of supplementary Planning Documents (SPD) which will provide more detail on how policies will be used and interpreted through the planning application process.
- 7.3 The proposed timetable for the preparation of these documents extends to September 2007 when it is hoped the two policy documents will be formally adopted. The preparation of these documents requires two major periods of public consultation and a public examination. This timetable means that the formal adoption of new affordable housing policies within the planning context is some time off. However new policies will be drafted and an SPD prepared

early in the new year to reflect the results of the Fordham's Housing Need Survey December 2005. Public consultation on these drafts may begin as early as February 2006 with a view to including the policies within the first consultation draft of the policy documents in April / May 2006.

- 7.4 Initially the new policies and SPD will have little weight in determining planning applications, however the further they progress through the statutory process to adoption the more weight they will gain.
- 7.5 Current national policy guidance is provided in the form of Circular 6/98 (which has a threshold of 25 units or more) and Planning Policy Guidance Note 3 Housing. The recent publication of a consultation draft of Planning Policy Statement 3 (which will eventually replace PPG3) seeks to change some of the underlying principles of current national policy, in particular the consultation PPS3 redefines "affordable housing " to exclude low cost market housing, it also reduces the minimum site size threshold to 15, and allows Local Authorities to set different threshold where these can be justified. The PPS also places greater emphasis on the need to assess and ensure balanced local housing markets and on the need to balance affordable housing provision with site viability. The Council's emerging affordable housing policy will need to have regard to both the existing and emerging national policy framework.
- 7.6 It is proposed that the new affordable housing policies for SKDC will include the following key elements:
- ❑ **Inclusion of a threshold** (that is the point at which the policy will take effect) **of 15 or more units** (or an equivalent floor space of development) **within the urban areas, and of 2 plus units within the rural areas.** This is consistent with the conclusions of the Fordham's study. It also closely reflects emerging national guidance published in the consultation draft of Planning Policy Statement 3 Housing (PPS3) published December 2005.
 - ❑ **A target seeking the provision of up to 50% affordable housing units on all eligible sites.** Again this is consistent with the recommendation of the Fordham's study. It should be noted that in the context of affordable housing which is provided as part of a market housing scheme, within current legislation the Council must negotiate provision in line with it's adopted policy. Part of the negotiation process is a consideration of the economic viability of a development and consideration will need to be given to other site factors which will effect the overall cost of the development.
 - ❑ **A target for affordable housing provision on sites allocated for housing development**
 - ❑ **Guidance on the size, type, tenure and cost of affordable housing to be provided** (this would have to be included within the SPD rather than the policy, and would be evidenced by the Fordham's Study)
 - ❑ **A Rural Exceptions Policy** aimed at securing the provision of affordable housing on sites within or on the edge of settlements where market housing would not normally be acceptable.
 - ❑ **Consideration of the identification and allocation of sites or areas solely for affordable housing within the rural areas**

8. CONCLUSIONS

- 8.1 The Fordham's study on housing needs has revealed a particular need for more affordable housing within the district. The Planning Policy Unit has identified and proposed key elements for new affordable housing policies for SKDC which will be supplemented subject to a ballot of tenants on LSVT by policy of financial investment in affordable housing. Both of these aspects will be incorporated within the revision of the housing strategy currently underway subject to feedback from the Scrutiny Panel.
- 8.2 A supplementary report is being worked on at the time of writing this report in relation to the impact of Fordham's research in relation to Private Sector Stock condition and the housing needs of Gypsies and Travellers. This report will be made available to members in advance of the DSP meeting.

9. CONTACT OFFICER

- 9.1 Sally Marshall, Corporate Director (Regulatory Services)
Tel: 01476 406102
Email s.marshall@southkesteven.gov.uk
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