#### 14 July 2016 at 7.00 pm

Conference Room, Argyle Road, Sevenoaks Despatched:



### Cabinet

At the above stated meeting the attached presentations were considered for the following items

5. Affordable Rent Tenure (proposed adjustment)

(Pages 1 - 18)

6. Council Tax Reduction Scheme





# ENABLING OF AFFORDABLE HOUSING

- ISSUES AND OPTIONS -

Gavin Missons, Housing Policy Manager

## Affordable housing



'Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market'.

To also include the new Starter Homes product.

# Agenda Item 5

### Housing associations



- Under no obligation to build in this District and can achieve much more elsewhere
- Each developing HA has a unique set of financial appraisal assumptions
- Very different results some can make a scheme work whereas others can't (Ryewood being a topical example)

### Housing associations (2)



- Funding is often ring-fenced (for example, RCGF for S/O only)
- Rent reductions and zero grant for rented HAs will be reevaluating their whole approach in the coming years
- Right-to-Buy (2) facing the situation where homes will be lost and difficult to replace
- Need to create an environment where HAs are supported and encouraged to deliver projects as the sector goes through significant change

# Agenda Item 5

### Preferred partners



- Very few active HAs operating in the District, but we do have a small group of committed and high-performing HAs
- Relationship accommodating to their needs and historical loyalty etc
- Flexible approach attracting others, such as Hanover Housing

## The challenge for Housing Policy

- To maximise affordable housing (of all types) against a back-drop where this District is not particularly attractive for HAs
- To be creative and as flexible as possible and to evolve our approach to the enabling of affordable housing
- To maintain (and potentially build on) our preferred partner list

### Affordable rent at 80% OMR



- Capital grant from Central Government significantly reduced over recent years and nothing for AR going forward
- HCA instead allowed HAs to charge rents at up to 80% OMR
- Shift in Government policy towards home ownership
- Additional rental income can be used to fund borrowing on affordable units

## Affordable rent at 80% OMR (2)



- HCA now requires an exemption for any housing not at 80% OMR
- If there aren't the people available to take up the allocation of 80% OMR units, HAs will need to drop back down to LHA levels
- ARs include any service charges, so not always as expensive as you might think
- AR no longer a product (2016-21 programme)

## genda Item 5

## **Comparison costs**



### 1-bed apartment:

AREA	CAPPED RENT (LHA)	80% OMV	PRIVATE RENT
Sevenoaks	135.36	175.38	219.23
Swanley	124.36	137.93	166.67
Edenbridge	135.36	137.54	171.92

### 3-bed house:

AREA	CAPPED RENT (LHA)	80% OMV	PRIVATE RENT
Sevenoaks	223.19	276.92	346.18
Swanley	174.43	221.54	276.92
Edenbridge	223.19	235.38	294.92

### Different housing markets



- Potential for new housing strategy to have individual plans for the towns and rural areas
- Potentially meet local need with different mixes of affordable housing types, e.g. more rented in one area and more shared-ownership and/or supported in another

### General approach going forward



- Enabling role will be much more complex so many variables
- Can't have a standard set of rules applied across the board (hence proposed sub-area approach)
- Already have flexible planning and housing policies
- Need to relax the rules to evolve as effective enablers of affordable housing
- Continue to explore alternative cross-subsidy models

### More specifically



- Consider additional cross-subsidy fewer rented units and more S/O, for instance
- Potential opportunities for on-site private rental units in lieu of affordable housing subject to viability considerations and identified need.
- Allow ARs (or successor tenancy) at 80% OMR though still to work to LHA cap, where we can (as per report)
- Further explore private institutional investment models and pilot new housing type models, e.g. Starter Micro-units

### Results

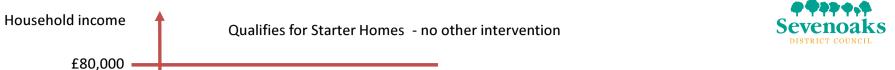


- Continue to deal with projects on a case-by-case basis, but better equipped with an extended range of options and approaches
- An even closer/linked planning and housing approach
- HAs enabled to significantly increase their offers and deliver housing
- Reduced pressure further down the rental chain
- Meet the needs of intermediate groups

## Results (2)



- Fewer economically-active households out-migrating to areas with cheaper housing
- Less pressure on low-end PRS less consequent pressure on SR and AR stock
- SR relets will be the key continuing supply for the lowest income households in need
- A strengthened planning and housing strategy to enable the delivery of affordable housing



Excluded from SDHR and AR at 80% OMR but qualifies for shared-ownership, Starter Homes and, potentially, the proposed HA-led private rented option - so a relatively good set of options £45,000 Excluded from the SDHR, but qualifies for sharedownership, could access limited Starter Homes, and potential AR 80% OMR cohort to target - though, would need an adjustment to the SDHR to allow for a separate threshold or direct marketing £33,500 Qualifies for SDHR and potential to undertake more active targeting for lower-end shared-ownership (particularly resale option), and potentially Starter Homes - subject to relevant financial appraisals

- Flexible housing solutions to meet individual needs
- A move away from the traditional SR/PR/HO model

### Recommendations



- 1) As per agenda item (5) report; and
- 2) 'To agree to discuss positively opportunities for onsite private rental units in lieu of affordable housing subject to viability considerations and identified need'.

**END** 

