

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**

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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.



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 re-evaluating 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

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)

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

Household income

£80,000

Qualifies for Starter Homes - no other intervention

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 shared-ownership, 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 on-site private rental units in lieu of affordable housing subject to viability considerations and identified need’.*

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