

FAREHAM BOROUGH COUNCIL

**AFFORDABLE HOUSING
STRATEGY 2006 - 2009.**

FINAL DOCUMENT

(Adopted by Executive: 5 Dec 2005)

Further Information and Contacts

Information on affordable housing, is available at the following website:
www.fareham.gov.uk.

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1. INTRODUCTION

What is Affordable Housing?

Affordable housing is described as *housing that is provided with subsidy, for people who are unable to resolve their housing requirements in the general housing market because of the relationship between local housing costs and incomes.*

Purpose of the Affordable Housing Strategy

- 1.1 In May 2004, Fareham Borough Council adopted its Housing Strategy 2004-09, the main aim of which is to marshal the resources of all relevant agencies to ensure that all of the residents of Fareham have access to a decent home which is affordable within their means. Five key objectives are set within this overall aim, the first of which is:

To facilitate the provision of additional affordable housing across all tenures within the Borough thus working towards achieving a Balanced Housing Market.

- 1.2 The remaining four objectives also have direct links to the provision of affordable housing. Together they all under-pin this new Strategy, which seeks to ensure the provision of affordable housing that:

- Is located in sustainable communities within a balanced housing market that provides a mix of housing of different sizes, types and tenures to meet local needs
- Provides value for money and the best use of public and private resources
- Is well designed and of a high quality
- Is well managed
- Is available long term

- 1.3 The Housing Strategy sets priorities for future action arising from the provision of affordable housing. These include:

- Adopting an interim target of 100 new affordable homes per annum.
- Reviewing this target in 2007 and in the interim period exploring innovative ways of providing new housing with a view to increasing the target to 175 or more.

Local Policy Context

- 1.4 At the end of 2002, the Council agreed a revised set of values, a vision statement, a series of objectives and a consequent Action Plan. The vision, objectives and Action Plan are reviewed and updated annually. The overall vision is based on Fareham continuing to be a safe, attractive and prosperous place in which to live and work. This vision is guided by a set of

five values which in turn are supported by a number of key objectives divided into seven themes. The themes are:

- Protecting and enhancing the environment.
- Maintaining and extending prosperity.
- A safe and healthy place to live and work.
- Leisure for health and for fun.
- A balanced housing market.
- Strong and inclusive communities.
- A dynamic, prudent, progressive and best practice council.

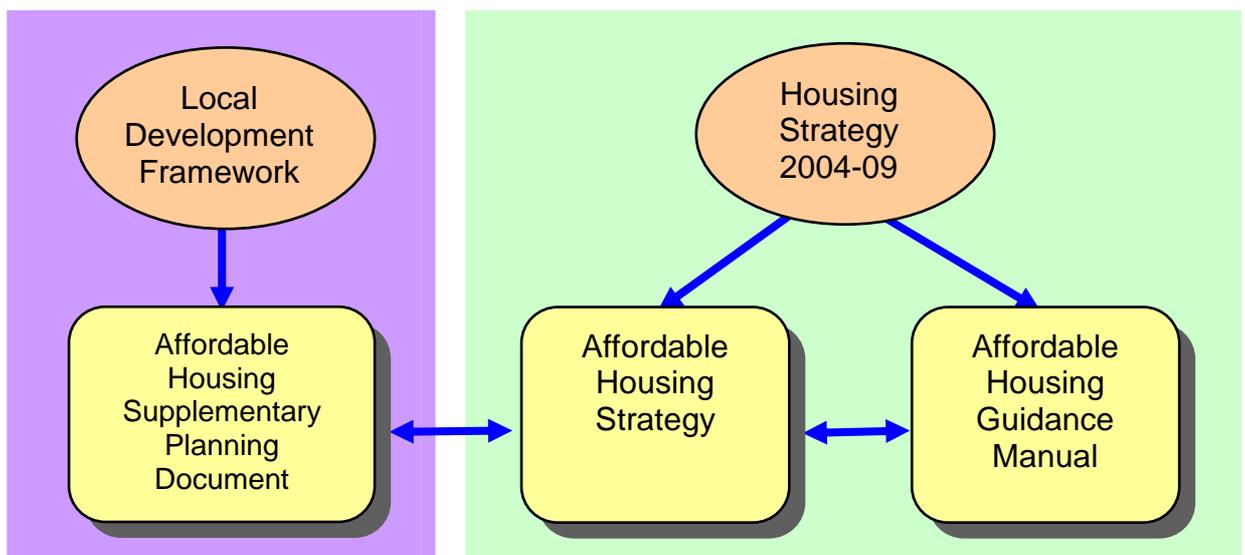
- 1.5 All of these have varying degrees of relevance to the Affordable Housing Strategy but the most significant is the achievement of a balanced housing market. Within this theme, the Council is aiming to create a balanced housing market which provides good quality housing with a range of dwelling types to meet local needs, through the planning process and to ensure that there are supporting social facilities. This includes the provision of affordable housing for residents on lower incomes and those who otherwise could not obtain housing and enable public and private sector employees to live and work in the Borough.

Development of the Strategy

- 1.6 During the year since the approval of the Housing Strategy, the Council has adopted the 100 Affordable Homes per annum target as one of its High Priority Corporate Objectives.
- 1.7 The Borough Council has undertaken a Best Value Review of Council's corporate objective to achieve a Balanced Housing Market. The Review resulted in a 46-point Action Plan which was approved by the Council's Executive in December 2004. The actions are aimed at maximising the provision of additional affordable dwellings within the Borough.
- 1.8 The level of need within the Borough has been quantified in the Fareham Housing Needs Survey 2004 which was carried out by David Coultie Associates Limited (DCA). The results of this study endorse the findings of earlier surveys and indicate a significant need for affordable housing.
- 1.9 A full appraisal of the development potential of Council owned land has been undertaken.
- 1.10 Concurrent with the development of the new Affordable Housing Strategy, the Council has prepared the Affordable Housing Supplementary Planning Document (SPD) to supplement Policy H10 of the Fareham Borough Local Plan Review 2000, by giving developers, housing providers and the public up-to-date and detailed guidance on the operation of the policy. This SPD will be used as the basis for negotiation when proposals for housing developments are being considered.

- 1.11 The evidence used in the preparation of the SPD, together with the responses to the public participation described below, will be used to inform the preparation of the new affordable housing policy(ies) in the Local Development Framework Core Strategy Preferred Options. It is anticipated that a replacement SPD will need to be prepared following the adoption of new affordable housing policies in the Core Strategy of the Fareham Local Development Framework after January 2008, and in the light of new information from updates of the housing needs survey.
- 1.12 Because of the importance in using the planning system to deliver new affordable housing it was agreed that the Affordable Housing Strategy and the Affordable Housing Supplementary Planning Document would be developed “in tandem” using the same consultation mechanism.
- 1.13 Concurrent with the development of the Affordable Housing Strategy the Council has undertaken a review of its procedures and qualitative requirements regarding the delivery of affordable housing. These have been incorporated into the companion Affordable Housing Guidance Manual. Together the Affordable Housing Strategy, the Supplementary Planning Document and the Guidance Manual provide comprehensive information on the requirements for the delivery of affordable housing in Fareham.

Figure 1.



- 1.14 A draft Affordable Housing Strategy and SPD were published for comment in June 2005. As part of the consultation process the Council hosted a Housing Forum on 14 July 2005, which was attended by RSLs, developers and other interested parties. There was a significant response to the draft documents, with comments being made both on the content and on the process being used to introduce revised thresholds and percentages. The Borough Council sought legal advice on the proposals and was advised that prior to any changes to national policy introduced in the forthcoming Planning Policy Statement 3: Planning for Housing (or such other Government guidance as may be published), it would not have been lawful to adopt an SPD which incorporated a site-size threshold of less than 25

dwellings. The comments and legal advice received have been carefully considered and used to develop the final documents.

- 1.15 The Affordable Housing Strategy describes the progress made in implementing the priorities outlined in the overarching Housing Strategy 2004-09 and sets in place the components necessary in order to meet the 100 affordable homes per year target and move towards a higher target in future years.

2. HOUSING NEED IN FAREHAM

- 2.1 Affordable housing is required because of the needs of the Borough's residents identified in the Fareham Housing Needs Survey. Local people, for the purposes of the policy, refer to residents who have lived or worked in the Borough for the preceding three years. These local people will be given priority for occupation of any dwellings provided.
- 2.2 Planning policies requiring the provision of affordable housing can only be applied when there is a proven need. The level of need within the Borough has been quantified in the latest housing needs survey carried out by David Couttie Associates in 2004. The survey was undertaken in line with Local Housing Needs Assessment: A Guide to Good Practice published by the Office of the Deputy Prime Minister. The methodology used identifies the housing demand created by households that can enter the general housing market without any form of subsidy and the need created by households that can only enter the general housing market with some form of subsidy.
- 2.3 The overall aims of the project were to:
- Determine the levels of housing supply and demand in the Borough
 - Support the annual HIP bid and development of the Housing Strategy
 - Provide robust information at a local level in accordance with PPG3, to guide the location of new provision and support policies in the Local Developmental Framework.
 - Co-ordinate housing and community care strategies.
- 2.4 The housing needs survey identifies the housing demand created by households that can enter the general housing market without any form of subsidy and the need created by households that can only enter the general housing market with some form of subsidy. It identified the following categories of households in need of affordable housing:
- Existing households currently living in housing not suitable to their needs who are planning to move in the next five years, but which are unable to afford suitable housing in the open market;
 - Concealed households (households currently living with a host household) which need to move to their own separate accommodation within the next year but cannot afford suitable housing in the open market; and

- Homeless households based on information from the survey together with an analysis of the Council's data on the statutory homeless who would not be sampled via household-based surveys.
- 2.5 The survey uses the information on households in unsuitable housing and homeless families in temporary accommodation to estimate a backlog of affordable housing need. It uses the information on concealed households to estimate the number of new households that will form each year.
- 2.6 The survey will be updated every year using the latest income, rent and house price and land supply information. The Affordable Housing Strategy may need to be revised in the light of the updated information.

Figure 2: Housing Needs Survey 2004 – Key Findings

- There is an affordability problem arising from the relationship between local incomes and the realistic supply of the cheapest stock available.
- Around 95% of concealed households have inadequate income levels to be able to buy lower quartile properties in the local Market.
- Around 85% of concealed households cannot afford to rent privately lowest quartile stock.
- There is a requirement to develop a more balanced housing stock in both the private and affordable housing sectors.
- Annually 710 affordable housing units are needed, 495 more than existing supply from re-lets, a new supply requirement of over nine times current delivery levels.
- The retired population will increase by 47% by 2021.

Affordability in Fareham

- 2.7 In determining the need for affordable housing in Fareham it is necessary to consider the relationship between incomes and the cost of renting or buying within the private sector. In order for a dwelling to be considered 'affordable', the Borough Council will need to be satisfied that households in need could afford the costs of purchase or rental of a dwelling of an appropriate size for that household. The DCA survey uses a purchase income threshold of 95% mortgage availability and a three times gross income lending ratio. It uses a rental income threshold of 25% of gross income (equivalent to 30% of net income). This approach has been adopted by the Council. Particularly the survey has focussed on the ability of concealed households to resolve their needs in the housing market. The survey found that approximately 9% of households contained one or more household seeking independent accommodation, giving a total of 2,802 cases with the five years to 2009. Over 91% are the adult children of existing Borough residents.

Table 1:

Annual Income	% of all households	% of concealed households
Below £10,000	11.4	32.0
£10,001 - £25,000	31.7	57.0
£25,001 - £30,000	10.8	5.9
£30,001 - £40,000	16.1	2.2
£40,001 - £50,000	11.4	2.9
£50,001 - £75,000	12.4	0.0
£75,001 - £100,000	4.2	0.0
Above £100,000	2.0	0.0

The Borough Housing Market

- 2.8 Although average house prices in Fareham are lower than the average for the South East Region, they are generally higher than the surrounding urban South Hampshire authorities. The average property in Fareham was valued at £200,882 (June 2004 Land Registry).
- 2.9 Based on the affordability criteria, the table below indicates the required household income required to buy an entry level home by area.

Table 2:

Property Type	Income Threshold
1-Bed Flat	£27,970
2-Bed Flat	£31,600
3-Bed Terraced	£43,180

Source: DCA House Price Survey October 2004

- 2.10 Based on the affordability criteria, the table below indicates the required household income to access the lowest priced units in the private rented market in the Borough, by area. The Borough does not have a large private rental sector, so that comparisons are based on a small database.

Table 3:

Property Type	Income Threshold
1-Bed Flat	£18,960
2-Bed Flat	£21,600
3-Bed Terraced	£26,400

Source: DCA Housing Market Survey October 2004 Access to Private Rent

- 2.11 The data indicates strongly that there is an affordability problem arising from the relationship between local incomes and the realistic supply of the cheapest housing available, i.e. the lowest quartile stock, mainly flats and terraced houses.

- 2.12 The tables illustrate that around 45% of households in Fareham have an income of less than £28,000, below the income level required to purchase the lowest priced accommodation available. In the case of concealed households this rises to around 95%.

Scale of Affordable Housing Need

- 2.13 Based on the findings of the housing Needs Survey, the table below illustrates the annual need and supply of affordable housing in Fareham. As can be seen, even allowing for re-lets and new build there is an annual shortfall of 495 units.

Table 4: Summary of Affordable Housing Need

Backlog of Existing Need (eliminated over 5 years)	103
Net new formation	377
Net increase in registered need	208
In-migrant need	22
TOTAL ANNUAL NEED	710
Total Supply from re-lets	215
NET ANNUAL OUTSTANDING NEED	495

- 2.14 The Survey will be updated every year using the latest income, rent and house price and land supply information.

3. REGIONAL & SUB-REGIONAL CONTEXT

- 3.1 The South East Regional Housing Strategy has defined Fareham as a Priority Investment Area based on need. The Council will continue to work with the Regional Housing Board towards meeting the regional objectives of increasing the supply of affordable housing and ensuring that new provision is provided to high quality.
- 3.2 The South East England Regional Assembly (SEERA) is currently preparing the South East Plan for submission to the Government in March 2006. As part of the preparation of the South East Plan, Hampshire County Council and the Partnership for Urban South Hampshire (PUSH) published a consultation paper on the options for the number of new homes that should be provided in each district between 2006 and 2026. The options for the amount of housing in the Borough are for 11,300 or 13,300 dwellings between 2006 and 2026, including 8,000 to 10,000 dwellings in a greenfield Strategic Development Area (SDA).
- 3.3 The level of development proposed for the Borough would have very significant implications for the future provision of affordable housing, however the main impact would not be realised until after 2016 when development of the SDA is predicted to start. The final figure for housing in the Borough will not be decided until the South East Plan is approved in 2008. Therefore, this Strategy does not take into account the housing

figures that are emerging from the preparation of the South East Plan. The Strategy and the SPD will need to be reviewed when the final housing figures from the South East Plan are known.

4. AFFORDABLE HOUSING TARGET

- 4.1 The Housing Strategy 2004-09 has set an interim annual target of 100 affordable homes based on the planning policies in place at the time; the current and estimated financial resources likely to be available and identified land supply.
- 4.2 The target of 100 units will fail to address the identified level of proven need of 495 affordable homes per year. To achieve such a target would require an annual public investment of approximately £23 million and the availability of land to provide over 1,200 new homes per annum across all sectors. Clearly, this is not achievable, and therefore the Council has carefully considered the options available and through this strategy is proposing a more modest yet challenging target of 175 affordable homes per year. The factors that will combine to determine whether this target can be achieved are:
- Using the planning system to deliver a significant increase in additional affordable housing
 - Increasing value for money by reducing the average public subsidy requirement per unit
 - Increasing the land supply for affordable housing, including the use of remaining Council owned land.
 - Encouraging the Regional Housing Board and Housing Corporation to increase the investment in affordable housing in Fareham to supplement the resources already allocated by the Council.

5. DELIVERING AFFORDABLE HOUSING THROUGH THE PLANNING SYSTEM

Site Size Thresholds

- 5.1 The Housing Needs Survey refers to the site size threshold of 25 dwellings specified in Circular 6/98, above which affordable housing will be sought. However it states that the significant level of need identified is unlikely to be met without a significantly lower threshold. It states that the scale of affordable housing needed is almost nine times the annual average number of new dwellings built over the years 2001-2004 and is five times the Council target.
- 5.2 In July 2003 and January 2005 the Government published proposed changes to PPG3. Both sets of proposed changes included a reduction in the 'standard' site size threshold to sites of 15 dwellings or 0.5 hectare. The reduction of the threshold from 25 to 15 dwellings would result in the provision of additional affordable dwellings, but the total provision would

remain only a small proportion of the identified need of 495 dwellings per annum. The priority being given to the development of previously developed land has resulted in an increasing proportion of new housing being provided on small sites.

- 5.3 The Borough Council considered a reduction in the threshold to 5 dwellings and commissioned an independent study of the economics of developing housing sites of varying sizes within the Borough. The study carried out by AtisReal found that reducing the site size threshold below 15 dwellings may deter some landowners from releasing sites. However, the Borough Council has been advised that, until the Government reduces the threshold from 25 to 15 dwellings (or any other site size of less than 25 dwellings), it would not be lawful for the Borough Council to adopt an SPD incorporating a threshold of less than 25 dwellings or 1 hectare. Policy H10 and the text in paragraph 6.66 of the adopted Fareham Borough Local Plan Review, which refers to the then current Government policy, would automatically apply any lower threshold introduced by the Government in the forthcoming PPS3 (or such other Government guidance as may be published). Appendix "A" provides an illustration of how the Council would seek to apply a lower threshold when introduced by the Government.
- 5.4 The Local Development Framework Core Strategy will also include a policy on affordable housing which will consider the appropriate site-size threshold for the Borough taking into account the latest Government policy.
- 5.5 When considering planning applications the Borough Council will use an assessment of the site's accessibility and the local context to establish the capacity of the site and hence whether a percentage of affordable dwellings is required. Irrespective of a sites accessibility and context, the minimum density will be 30 dwellings per hectare. The Borough Council will also take into account the development potential of adjoining identified or allocated sites to ensure that development does not take place in a piecemeal fashion. The Urban Housing Potential Study will aim to identify most sites with potential for housing development within the Borough.

Percentage of Affordable Housing

- 5.6 The DCA Survey notes that the annual need for affordable housing of 495 dwellings is 157% of the whole housing allocation from the Hampshire County Structure Plan of 316 dwellings per annum. It therefore states that the provision of 495 affordable dwellings each year is not achievable. As mentioned above, the overall provision of housing within the Borough for the period 2006-2026 will be determined by the South East Plan.
- 5.7 In the absence of any housing figures from the South East Plan, the Survey considered a number of factors in determining the level of affordable housing to be provided on development sites as follows:
- overall affordable housing need identified,
 - the need to build viable sustainable developments,
 - the Borough Council's affordable housing target and
 - the forecast overall housing supply

- 5.8 The Fareham Housing Strategy 2004-09 considered the Housing Needs Survey findings and recommendations, the availability of financial resources and up-to-date information on housing land supply and established a target of 100 affordable dwellings per annum. Projections of additional affordable housing with a base date of 31 March 2005 show that with affordable housing being provided at 25% of the total dwellings the target will be achieved in only one year during the period 2005-11. The projected average provision of additional affordable housing over this period is 81 dwellings per annum. In order to achieve the target, it has been concluded that, 35% affordable housing will be sought on sites of 25-49 dwellings and 40% affordable housing should be sought on sites of 50 or more dwellings. These percentages would result in the target of 100 affordable dwellings per annum being achieved in three of the six years of the strategy and the average over the six years would increase to 99 dwellings per annum. Percentages of between 30% and 40% are now generally being sought in the policies in local plans elsewhere in Hampshire. The viability study concluded that the affordable housing targets set out in the draft strategy and SPD were economically viable.
- 5.9 In recognition of the economics and practicalities of development, the Council will seek the provision of affordable housing in accordance with Table 5 below. The Council will consider variations from the percentages set out in Table 5 where there are particular circumstances, such as site contamination or other exceptional site costs and the absence of any grant funding. The Borough Council will use residual value and value for money models to assess scheme viability and value for money. Variations will only be permitted where the developer can demonstrate to the satisfaction of the Council that the approach set out in this strategy would make development unviable.

Table 5: Target mix of dwellings

Site Size (Net increase in number of dwellings)	Proportion of affordable housing sought
25 - 49	35%
50+	40%

Tenure of Dwellings

- 5.10 Although the greatest need for affordable housing in Fareham is for social rented housing, the proportion of social rented units sought will be lower on larger sites. The justification being the priority to be given to social rented provision within the Borough, and the likely availability of housing finance to fund smaller developments.
- 5.11 On sites of 50+ dwellings, the Council is concerned that RSLs and / or developers may be unable to attract sufficient Social Housing Grant from the Regional Housing Board to meet the cost of providing a large number of dwellings for social rent. Therefore, the Council is proposing an increase in the provision of intermediate market housing on sites of 50+ dwellings to reduce the requirement for social housing grant, to assist RSLs and developers to cross subsidise social rented housing from the intermediate

market housing and to deliver balanced sustainable communities. Table 6 below, expands the affordable housing proportion, as set out in Table 5 to reflect the required tenure split for individual sites.

Table 6: Target proportion and tenure of affordable housing by site size

Site Size (net increase in number of Dwellings)	Proportion of affordable housing sought	Required tenure split for affordable housing	
		Social Rental	Low cost home ownership and/or intermediate market housing
25 - 49	35%	70%	30%
50+	40%	60%	40%

- 5.12 The Council's method for calculating the affordable housing requirement is based on the number of bedrooms in the development rather than units of accommodation. Thus if the total number of bedrooms in the dwellings on a site is 200, then assuming that 40% affordable housing is to be provided, 80 bedrooms will be sought for affordable housing. The sizes of the dwellings to be provided on the site will be established through negotiations between the Council and the developer having regard to the target dwelling mix set out in Table 7 and the nature of the scheme. If the parties agree that all the affordable units are provided as larger family units, then the number of affordable dwellings on the site may be less than 40% even though the number of bedrooms will be 40% of the total on the site. The use of bedrooms enables the Council to reach its overall targets in respect of sizes of units and provides the opportunity to compensate for over provision of smaller units on town and district centre sites developed exclusively as flats.
- 5.13 The number of bedrooms in the dwellings proposed will normally be based on the developer's description of house types but rooms such as first floor studies may also be taken into account.

Delivery Mechanism

- 5.14 The Council has carefully considered the required mechanism to ensure that all affordable housing provided is fully affordable with respect to meeting the Housing Corporation's Total Cost Indicators, target rents and other value for money criteria. It has concluded that the simplest and most easily understood method of meeting this objective is to require the transfer of the serviced land free of cost to the registered social landlord.

Size of Dwellings

- 5.15 The existing total housing stock in the Borough has predominantly three or four-bedrooms. The existing social housing stock is significantly different with 71% of the RSL stock and 64% of the local authority stock being one or two-bedroom. Only 0.6% of the RSL stock and 1.2% of the local authority stock has four-bedrooms.

- 5.16 The existing small social dwellings are predominantly in the form of sheltered accommodation for the elderly. Notwithstanding the ageing population re-lets within the existing stock will therefore predominantly cater for the elderly. Consequently the stock does not meet the demand from those households identified as being in need in the DCA survey, predominantly concealed households containing people aged under 30 years. Therefore, a significant proportion of the new affordable housing should be for small concealed households.
- 5.17 In addition, the minimal existing stock of larger social dwellings means that re-lets will be inadequate for the numbers of larger households identified in the Housing Needs Survey. Therefore, the affordable housing provided through Policy H10 should also contain a proportion of four-bedroom dwellings. The precise proportions will be negotiated on a site by site basis taking into account the following factors:
- The mix required to meet the needs identified in the Housing Needs Survey and from the Housing Register.
 - The location of the development in relation to employment, schools, shops, public transport and other appropriate sustainability indicators.
- 5.18 Although the Council has a high demand for 4 bedroom social rented accommodation, there is no registered need for larger low cost home ownership units. Therefore 4-bedroom affordable homes shall be provided exclusively for social rental.
- 5.19 Following analysis of the emerging household requirements from the DCA Housing Needs Study, a review of the Housing Register and a forecast of the requirements to enable the Council to meet its duties towards homeless people, the Council has agreed that the mix across the total programme should be as set out in Table 7. These actual proportions will not be sought on every site, but will be used as the target for the overall provision of new affordable housing.

Table 7: Target mix of dwellings by size

Dwelling	Occupancy	% of Total Affordable Housing
1 Bedroom	(2 persons)	20%
2 Bedroom	(3/4 persons)	55%
3 Bedroom	(4/5 persons)	20%
4 Bedroom	(6/7 persons)	5%

Commuted Sum Policy.

- 5.20 The Borough Council and registered social landlords do not have large landholdings within the Borough which could be used for the development of affordable housing. Therefore, affordable housing should be provided on site as part of the development of all suitable housing sites in accordance with Circular 06/98 and PPG3. The Borough Council will seek the provision

of on site contributions from developers in the form of the transfer of serviced land free of cost to RSLs.

- 5.21 Financial contributions in lieu of on site provision (commuted sums) will not be acceptable because of the difficulty in obtaining alternative sites where the commuted sums could be utilised to provide affordable housing. In addition to this, the increase in land values has generally resulted in the value of the commuted sum being rapidly devalued unless a suitable site is available at the time the commuted sum is received.
- 5.22 In exceptional circumstances the Council may consider off-site provision (affordable housing provided on an alternative site within the borough) where such provision will result in the most effective use of the resources available for the provision of affordable housing or it will meet a specific supported housing need, identified as a priority within the Fareham and Gosport Supporting People Strategy. In these circumstances a Section 106 agreement will be required to secure the provision of the affordable housing.
- 5.23 Any “off site” provision would need to be available for occupation prior to building works commencing on the principal site.

Location of Dwellings

- 5.24 Fareham is a relatively small Borough with no settlements being remote from other settlements or facilities. There are fewer local authority and housing association dwellings (approx. 7%) in the Borough than in most other local authorities, ranging from less than 5% in the Western Wards to almost 12% in central Fareham.
- 5.25 Information from the Housing Needs Survey shows that the greatest need for affordable housing was in the Fareham town area. However, the survey established that across the Borough a high proportion (40%) of the need for affordable housing was from existing social housing, predominantly local authority tenants, even though they make up only 8 per cent of existing households in the Borough.
- 5.26 About 30% of the identified need for affordable housing is expected to be met by re-lets within the existing social housing stock. The distribution of these re-lets will be closely related to the distribution of existing social housing. The greatest number of re-lets will be in the Fareham town area, the area with the greatest identified need. Therefore, after allowing for re-lets, the remaining need for re-housing in new affordable dwellings can be expected to be distributed more evenly throughout the Borough.
- 5.27 The total amount of new affordable housing sites that will be provided over the next few years will be too small to have a significant effect on the overall proportions or distribution of local authority / housing association dwellings. However, the high proportion of new housing sites in the Western Wards allocated in the current Local Plan will enable a more even distribution of social housing to be achieved.
- 5.28 It is concluded that there is no reason to divide the Borough into smaller areas for the provision of new affordable housing unlike many authorities that cover more extensive geographical areas.

Distribution of Affordable Dwellings on Larger Sites

- 5.29 Government planning policy guidance recognises the need to create sustainable communities which include a mix of uses and housing tenures to meet a range of housing needs. New housing developments should therefore consist of a mix of house types and tenures and should avoid large concentrations of similar dwellings. Therefore, affordable housing on larger sites should not be concentrated in one location but should be distributed throughout the development in groups of no more than 10 dwellings. As part of the design process, it is important that such groups are not physically or visually isolated, for example through distinct cul-de-sacs. Smaller groups will be more appropriate on smaller sites, for example, in a development of 29 dwellings in total, 10 affordable dwellings should not be provided in one block of flats..

Infrastructure Provision for Affordable Housing

- 5.30 The residents of affordable housing require the same infrastructure provision as the residents of other types of housing, for example, open space, transportation, and community facilities. Therefore, developments for affordable housing will normally be expected to make the same provision for the required facilities as for other forms of housing including, where appropriate, financial contributions towards infrastructure in accordance with the Fareham Borough Local Plan Review Policy DG9.

Timing

- 5.31 Details of the timing of the provision the affordable dwellings will form part of the negotiations on the development and will be incorporated into the planning obligation. Normally the land or dwellings specifically identified to meet local housing needs will be transferred to a Registered Social Landlord prior to the occupation of the first open market house.

Planning Conditions

- 5.32 The Borough Council normally requires the provision of affordable housing through the use of a planning condition. When the details of the affordable housing to be provided are submitted the Borough Council will have to be satisfied that any affordable housing provided remains available, in perpetuity, for occupation by those in genuine housing need. Normally the land or dwellings specifically identified to meet local housing needs will be transferred to a Registered Social Landlord prior to the occupation of the first open market house. All services and the necessary vehicular and pedestrian access should be provided up to the boundary of the site for affordable dwellings. However, in the exceptional case of off-site provision, a Section 106 agreement will be required to secure the provision of affordable housing.

6. DELIVERING AFFORDABLE HOUSING OUTSIDE THE PLANNING SYSTEM

- 6.1 Although most affordable housing will arise through the use of planning policies, it is recognised that opportunities will continue to arise to provide additional units outside the planning process. These will include development on land disposal by the Council and may include sites below the threshold providing some affordable housing or acquiring dwellings in addition to the PPG3 requirement on certain sites.

Council Land

- 6.2 Over the past 15 years, the Council has assisted the provision of affordable housing by making available land in its ownership. This has resulted in the provision of 133 dwellings. Disposal has taken place to suit the appropriate legislation and financial conditions at the particular time.
- 6.3 The Council has carried out a review of its land holdings that may be suitable for affordable housing development. This has identified 7 further sites with a potential for approximately 60 dwellings, subject to planning consent. In certain instances there are constraints to be overcome before development can proceed.
- 6.4 The Council will allocate the sites equally amongst its partner RSLs. There is an expectation that all Council owned land will be used to enable the development of social rented housing.

Windfall Sites

- 6.5 The Council will continue to support the development of windfall sites, outside of the planning system that offer value for money. Where appropriate the inclusion of intermediate rental options may be used to provide cross-subsidy and reduce the grant requirement for social rented or low cost home ownership units.

Off The Shelf Purchases

- 6.6 Previously the Council has enabled a significant programme of “off the shelf purchases for rent” in order to address a shortfall through the new-build programme. This yielded over 300 additional social rented properties over approximately 10 years. Recent house price rises in Fareham have resulted in a situation where off the shelf purchases are no longer affordable and therefore will not attract social housing grant. The current market conditions, together with the improved supply of new-build units, means that an Off the Shelf Purchase programme will no longer be used to contribute towards meeting housing need.
- 6.7 Under present market conditions, the only available Off the Shelf Purchase programmes that will provide new affordable housing are those linked to low cost home ownership, either traditional Homebuy (shared equity scheme for local first time buyers) or Key Worker Living Homebuy. Since the

introduction of Homebuy in 1999, 31 local households, all nominated from the Council's Low Cost Home Ownership Register have been helped to purchase a home through the scheme. In addition through Key Worker Living Homebuy and its forerunner, the Starter Homes Initiative, 71 locally employed teachers, health workers and police officers have acquired a home.

- 6.8 The Council will continue to support both initiatives and will encourage partner RSLs to continue to bid for resources to run Hampshire based schemes.

7. PARTNERSHIP WORKING

- 7.1 The successful delivery of affordable housing in Fareham is dependent upon the relationships built up between the house builder, the developing and managing social landlord and the Council through its planning, enabling and housing allocation roles.
- 7.2 In view of their expertise in the field, the Council would normally expect that the affordable rented accommodation provided is managed by one of the Council's preferred partner RSLs. Where a developer selects to make alternative arrangements, the Council will need to be satisfied that acceptable procedures are in place to ensure that the housing is made available to those in proven need, at affordable rent levels and managed to equivalent standards to those required by the Housing Corporation.

Working With Registered Social Landlords

- 7.3 There are 19 registered social landlords (RSLs) that own and manage social housing in Fareham. These include a number of local associations with a small stock base, provided over 20 years ago, before the Council assumed its housing enabling role.
- 7.4 The Council currently works with three preferred partner RSLs in the delivery of the affordable housing programme. These are:
- Atlantic Housing Group
 - Portsmouth Housing Association
 - Swaythling Housing Society
- 7.5 We view this close working relationship as critical to the successful delivery of affordable housing to meet local need. Quarterly Development Liaison Meetings are held with the partner RSLs to ensure the relationship is fully consultative and directed to achieving targets. This partnering approach embraces design, development and management issues. The Council will carry out an annual review of its partner RSLs to ensure their continued commitment to working towards meeting the Council's affordable housing strategic objectives.
- 7.6 Separate Housing Management Liaison meetings focus on local management issues, involving all local providers.

- 7.7 Whilst there are significant advantages in working with our partner RSLs, the Borough Council may permit developers to use other RSLs, or other providers, where this would result in the optimum provision of affordable dwellings. Where a developer is permitted to make alternative arrangements, the Council will need to be satisfied that acceptable procedures are in place to ensure that the housing is made available at costs that are affordable to those on Fareham's Housing Register or Home Ownership Register. In the case of rented accommodation, procedures shall be agreed with the Council to ensure that the properties are managed and maintained to equivalent standards to those required by the Housing Corporation.

Consultation on Planning Applications

- 7.8 The Council wishes to ensure that both the housing authority and its RSL partners are fully involved in the delivery of affordable housing through the planning system as early as possible, both prior to and following submission of a planning application.
- 7.9 Planning applications should contain sufficient information, in addition to the design statement, to satisfy the Council that the overall scheme is viable and that the affordable housing provision will be of the size and type appropriate to meet identified needs. Early dialogue will assist developers in submitting planning applications that fully meet the Council's affordable housing requirements and prevent delays through the need to re-design and re-draw scheme layouts. The Housing Corporation has indicated that in certain instances it may also wish to become involved at pre-application stage, especially where significant social housing grant input is required. The Affordable Housing Guidance Manual sets down the mechanism necessary to achieve this consultation.
- 7.10 The major provider RSLs have all entered into Social Housing Agreements with the Council, which set out the development, nomination and management requirements of the parties concerned. The Council proposes to re-negotiate these agreements to take account of changing circumstances since their introduction in 1994. The Council is also proposing to support the Social Housing Agreements with separate Nomination Agreements relating to each future development site.

8. PROVIDING QUALITY AFFORDABLE HOMES

- 8.1 The quality of housing design, including its outdoor public and private space, make an important contribution to residents' quality of life and to the overall sustainability of local communities. This contribution is recognised in government planning guidance and their companion guides. It is also recognised by the Housing Corporation in the Scheme Development Standards Fifth Edition (2003) and the use of Housing Quality Indicators (HQIs).
- 8.2 The Council is committed to ensuring that new housing development and refurbishment is of a high standard of design and creates quality residential

environments. The Fareham Borough Local Plan Review 2000 contains design policies by which new housing proposals will be judged, taking into account later government design policy advice. The Borough Council's Supplementary Planning Guidance: Crime Reduction through Design provides guidance on how appropriate design and layout can help to reduce crime and the fear of crime and lessen anti-social behaviour.

- 8.3 The Council will encourage developers to discuss their ideas at the earliest stage possible to avoid design changes later in the development process. The Council will expect developers to submit a Design Statement with their planning application, the contents and objectives of which should be part of the pre-application discussions.
- 8.4 The Council considers that a Design Statement, which the Government has proposed to be a requirement for most planning applications, is an important component of the planning application submission. It should set out the three essential stages of the design process:
1. Site analyses and evaluation
 2. Identification of design principles or objectives, informed by 1 above.
 3. Setting out solutions which meet the principles or objective
- 8.5 A Design Statement will then allow the Council to assess the design quality of a proposal as it will demonstrate how well the proposal has met the design objectives in relation to the context of the site.
- 8.6 "By Design" sets out design objectives which developers should consider for inclusion in the design statement. It also sets out a list of the elements of development form that should be used to identify the character of an area as part of the site analyses. These objectives and elements of development form are contained in Appendix A of the Affordable Housing SPD. These objectives, together with key aspects of quality buildings are also contained in the Housing Corporations 'Affordable Housing: Better by Good Design' publication.
- 8.7 In addition to the above, the Council recognises that schemes that are in receipt of the Housing Corporation's social housing grant funding are automatically subjected to Scheme Development Standards. It is recognised that Scheme Development Standards provide an appropriate qualitative measure for the design of affordable housing and therefore will be used as the standard on all schemes including those funded solely from the Council's own resources or jointly with the Housing Corporation.
- 8.8 Specific requirements in respect of design principles are the provision of homes that:
- Meet an EcoHome rating level of "very good" certified by a BRE licensed assessor.
 - Comply with the "Secured by Design" standard
 - Support the Hampshire Fire and Rescue Service Safer Homes Partnership

- Comply with the recommendations of the Construction Task Force as set out in the report “Rethinking Construction” (Egan Report)

8.9 Further advice is provided in the Affordable Housing Guidance Manual.

8.10 The Council wishes to ensure that the affordable homes developed in Fareham meet acceptable space standards. Target maximum and minimum standards have been set in order to meet the probable occupancy levels set out in the Housing Corporation’s Total Cost Indicator tables and to achieve a satisfactory score under the Housing Quality Indicator matrix. They are considered to be reasonable standards to ensure that dwellings are:

- not too small to meet the Housing Corporation’s Tests of Compliance for Internal Environment.
- not too large for the designed occupancy level, which might result in excessively high rents and heating costs

8.11 The target gross internal floor areas for affordable housing, based on occupancy are as follows:

Table 8: Relationship between Bedrooms and Space Requirements

Size of dwelling	Occupancy	Unit Type	Target Area (sq. m.)
1 bedroom	2 persons	1 storey	45 - 50
		2 storey	45 - 55
2 bedroom	3 persons	1 storey	60 - 65
		2 storey	60 - 70
	4 persons	1 storey	70 - 75
		2 storey	70 - 80
3 bedroom	4 persons	2 storey	70 - 80
	5 persons	2 storey	85 - 90
4 bedroom	6 persons	2 storey	95 - 100
		3 storey	100 - 105
	7 persons	2+ storey	110 - 115

8.12 The Council requires developers to work together with its appointed RSL partners in formulating design proposals to ensure that the appearance of affordable housing is generally no different to that of the market housing provided on each individual site.

9. FINANCIAL RESOURCES

9.1 For many years Fareham Borough Council provided resources to enable RSLs to provide new affordable housing via Local Authority Social Housing Grant (LASHG). Since the abolition of LASHG from April 2003, the Council has continued to make available resources without the Housing Corporation

support. The Council has reserved funding of approximately £9 million to help provide affordable housing over the next three years. It is anticipated that this will provide in the region of 60 affordable housing units per year. Clearly there will be a significant shortfall of funding, even to meet the 100 affordable homes per year target.

- 9.2 The Council may decide either to provide 100% of the grant funding requirement to any particular scheme, or to provide “top-slice” financial support to bids to the Housing Corporation.
- 9.3 In view of the findings of the Housing Needs Survey the Council intends to use its own resources solely in support of the highest levels of need, which is in respect of social rented accommodation. It is therefore expected that low cost home ownership provision will either be provided grant free or through the Housing Corporation bidding arrangements.
- 9.4 If the Council is to secure adequate resources for the provision of a balanced affordable housing programme to meet its needs, it will have to look to a range of different funding options. These would include attracting increased resources through future Housing Corporation bidding rounds.

10. REVIEWING / UPDATING THE STRATEGY

- 10.1 The Affordable Housing Strategy will be monitored regularly by officers to ensure targets are being met. Progress on delivery will be reported on a regular basis via the Council’s corporate management framework to the Executive, the Chief Executive’s Management Team, the Executive Member for Housing and the Housing Review Panel.
- 10.2 Progress will be reviewed with partner RSLs through the regular quarterly Development Liaison Meetings and meetings with individual RSLs. A cross-department Affordable Housing Working Group has been set up to monitor delivery and performance at officer level.
- 10.3 The Council will review the capacity to increase its affordable housing target to 175 affordable homes per annum in March 2007 having regard to the available resources and land supply.
- 10.4 Consultation opportunities will continue to be taken and updates on progress made, principally through the annual Fareham Housing Forum.
- 10.5 This Affordable Housing Strategy will run from 1 January 2006 to 30 April 2009. In order to remain up to date, an addendum will be produced on an annual basis (commencing December 2006) summarising our progress to date in meeting our objectives and delivering our affordable housing development programme. As described in paragraph 1.11, it is anticipated that a replacement SPD will need to be prepared following the adoption of new affordable housing policies in the Core Strategy of the Fareham Local Development Framework after January 2008. A comprehensive review of the strategy will be carried concurrent with the review of the SPD.

- 10.6 The companion Affordable Housing Guidance Manual will be updated as required.

APPENDIX “A”

Changes to Government Policy

The Government published proposed changes to PPG3 for consultation in July 2003 and January 2005. The consultation response will be an important input into the Planning Policy Statement on Planning for Housing, PPS3 which will replace Circular 06/98. Both rounds of consultation proposed that the site size threshold be lowered from 25 dwellings to 15 dwellings or 0.5 hectare. A draft of PPS3 is due to be published for comment by the end of 2005.

The reasoned justification in paragraph 6.66 of the adopted Fareham Borough Local Plan Review states that the Council *“will negotiate the provision of a proportion of affordable housing on suitable sites in accordance with Government guidance in Planning Policy Guidance Note 3: ‘Housing’ (PPG3) and Circular 6/98 ‘Planning and Affordable Housing’.* This guidance states that it will only be appropriate to seek affordable housing on developments of 25 or more dwellings or residential sites of 1 hectare or more (irrespective of the number of dwellings).” If the Government changes national policy in the final PPS3 by reducing the site-size threshold to less than 25 dwellings or 1 hectare or more, Policy H10 and the text of the adopted Fareham Borough Local Plan Review would automatically apply the new threshold for development control purposes in the Borough.

The guidance below provides an illustration of how the Council would seek to apply a lower threshold introduced by the Government in order to avoid a policy vacuum in the Borough, between the time that the final PPS3 is published and a review of the Affordable Housing SPD, or preparation of a new affordable housing policy in the Fareham Local Development Framework Core Strategy.

Percentage of Affordable Housing

The draft SPD took account of the proposed changes to PPG3 and included guidance on the proportion and type of affordable housing that the Council would seek on sites of 15-24 dwellings. It proposed that 30% affordable housing be sought. None of the responses to the consultation on the draft SPD referred to the proposed use of 30%. The viability study did not identify any likely reduction in land supply as a result of seeking 30% affordable housing on sites of this size.

If national policy on site-size thresholds is changed in PPS3, the Council will seek 30% affordable housing on sites of 15-24 dwellings.

Type of Affordable Housing

The draft SPD proposed that 100% of the affordable housing to be provided on sites of 15-24 dwellings should be provided as social rented housing. Some of the responses to consultation on the draft SPD were concerned about the Council seeking 100% social rented units on sites of 15-24 units. The study of the economics of developing housing sites of varying sizes, carried out by AtisReal, found that the proposal in the draft SPD to seek 100% social housing on sites of 15-24 dwellings may deter some landowners from releasing sites. In the light of the advice received,

the Borough Council has therefore decided that it would seek 80% social rented housing on sites of less than 25 dwellings if PPS3 reduces the site-size threshold below 25 dwellings.

If national policy on site-size thresholds is changed in PPS3, the Council will seek 80% of the affordable housing on sites of 15-24 dwellings to be social rented housing and the remaining 20% for low cost home ownership or intermediate market housing.