

FAREHAM BOROUGH COUNCIL'S

AFFORDABLE HOUSING STRATEGY 2006 - 2009.

ADDENDUM 2: JULY 2008

FINAL DOCUMENT

Approved by the Executive

28 July 2008

1. Introduction

- 1.1 The Council's Affordable Housing Strategy for 2006 - 2009 was approved and adopted by the Executive on 5 December 2005. The document describes the progress made in implementing the priorities outlined in the overarching Housing Strategy 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.
- 1.2 In order to remain up to date, it was agreed that an addendum would be produced on an annual basis, summarising progress to date in meeting our objectives and delivering our affordable housing development programme. The annual addendum would also set out modifications to our requirements in line with external influences, in particular Government policy. This document is the second addendum and should be read in conjunction with the Affordable Housing Strategy and the first addendum approved by the Executive on 16 July 2007.
- 1.3 The Affordable Housing Strategy was prepared concurrent with the Affordable Housing Supplementary Planning Document (SPD). The SPD is used as the basis for negotiation when proposals for housing developments are being considered. A replacement SPD will be prepared following the adoption of new affordable housing policies in the Core Strategy of the Fareham Local Development Framework.
- 1.4 The development of a new Affordable Housing Strategy for 2009-12 will be carried concurrent with the review of the SPD. Many of the major issues that will influence the new Affordable Housing Strategy have been flagged up in this Addendum.

2. Progress

- 2.1 During 2007/08, the Council met the annual target of 100 affordable homes per annum for the second consecutive year. During the period 116 new affordable homes were built and occupied from the Council's Housing Register. This was an identical number to the previous year and compares favourably with a total of 44 homes in 2005/06. An additional 9 affordable homes were provided through other means, (off the shelf purchases through the various Homebuy schemes). A total of 59 homes were provided through the planning process.
- 2.2 Of the 116 affordable homes provided directly through the Council's involvement, 83 were for social rental and 33 for low cost home ownership (LCHO). This is the first time that the proportion of intermediate market housing (LCHO) has been broadly in line with the target of 30%.
- 2.3 In the previous Addendum, the Council described a new approach to marketing LCHO schemes with a view to making them easier to understand and to give local people some additional weighting in the process. The approach was piloted in December 2007 at an event to promote two schemes

involving 24 flats for shared ownership. An opportunity was given for local people to find out about the schemes and commence the process of securing a property. Unfortunately the attendance was not as high as anticipated and the event was not successful. However the Council remains committed to this approach and seeks the help and support of its housing association partners to ensure that any future events are proactively promoted and positively targeted at the intended audience.

- 2.4 At 31 March 2008 there were 78 affordable homes already on site for delivery in 2007/08 and a further 275 units with a planning consent.
- 2.5 The Council continues to make land available for the provision of affordable housing. In 2007/08, 19 homes were provided on former Council land. A further 29 homes are programmed for completion in 2008/09 and plans are in the pipeline to provide 80 homes in the following year.

3. Regional & Sub-Regional Policies

- 3.1 The Partnership for Urban South Hampshire (PUSH) launched its Sub Regional Housing Strategy 2007-11 "Homes for Growth" in January 2008. Housing has a key role to promote and stimulate the economy and will play an important role in helping to deliver the wider PUSH vision. In the longer term the PUSH authorities will be looking to replace their existing individual housing strategies with an all encompassing sub-regional strategy. The current strategy is the first step towards a more unified and joined up approach across the sub-region.
- 3.2 The four strategic housing priorities for PUSH are:
- To support economic growth by increasing the supply of housing to deliver a balanced housing market including family and affordable homes. The target is that 30% to 40% of these new homes will be affordable, of which 65% should be for rent.
 - To improve the condition and management and make better use of the existing housing stock. PUSH is committed to achieving the Government's Decent Homes Standard by 2010, and sustaining it post 2010 in both the private and public sectors.
 - To drive long-term economic prosperity through the principles of sustainable development. PUSH will seek to improve both the quality of the new and existing stock, which includes monitoring energy efficiency and increasing the percentage of homes to be developed at level 3 of the Code for Sustainable Homes.
 - To meet the needs of everyone including homeless and vulnerable groups. PUSH is committed to ensure that everyone benefits from economic growth and that deprivation is tackled. The PUSH local authorities are working towards a challenging target of reducing the numbers in temporary accommodation by 50% by 2010. As the older population increases PUSH will need to ensure that there is a range of housing options which not only meet their needs but promote independent living.

- 3.3 The Council will need to consider the priorities set out in the sub-regional strategy in reviewing both the overarching Fareham Housing Strategy and Affordable Housing Strategy both planned for adoption in 2009. However there is already a close similarity between the Council's main housing objectives and those agreed across the PUSH area as set out above.
- 3.4 The publication of the South East Plan in late summer 2008 will confirm the amount of new housing to be built in the PUSH sub region. This will include the Strategic Development Area (SDA) to the north of Fareham. This new community will comprise 10,000 new homes and associated infrastructure. It is anticipated that works could commence in 2016.

4. Size and Type of Dwellings

- 4.1 The Council has reconsidered the required mix of affordable homes by size based on the latest statistics on housing need. The table below based on data for 31 March 2008 compares the number of households in registered need for different types of accommodation and the number of lettings made in the previous year. Let Select, the Council's new choice based lettings system was launched in May 2007, and reports the number of applicants registered for each type of accommodation. Applicants are able to register for more than one type of accommodation which means that although the total number of applicants on the Housing Waiting List on 31 March 2008 was 1837, a total of 2366 applications were registered against the various accommodation types.

Type of Accommodation	No. of Applications Registered 31.03.08	Total Lettings 2007/08	Ratio of Applications / Annual Lettings
Bedsit / 1 Bed	1242	108	11.5
2 Bed	505	129	3.9
3 Bed	360	27	13.3
4 Bed or more	69	6	11.5
Sheltered	190	74	2.5
TOTAL	2366	346	6.8

- 4.2 The table demonstrates that an applicant for sheltered accommodation can expect to be housed in over 2 years from registration, whereas a family requiring a 3 bedroom house may have to remain on the register for over 13 years. This issue was addressed in the first Addendum by increasing the Council's target of providing three bedroom homes to 30% of the total provision, although it will take several years from the revision of the policy to the delivery of sufficient additional units. In the past 12 months there has been a slight improvement with 11% of the programme output being 3-bedroom houses compared to 9% and 5% in the two previous years.
- 4.3 The table also indicates a rising demand for one person dwellings, although the supply of new units has either met or exceeded the target of 20% over the past three years (54% in 05/06, 20% in 06/07 and 42% in 07/08). In view of the number of 1-bedroom units currently in the pipeline it is not proposed to

amend the target percentage at this time, but to review the percentage when developing the new affordable housing strategy for 2009 – 12.

- 4.4 The current space standards used by the Council and set out in table 8 of the Affordable Housing Strategy are based on the Housing Corporation's Housing Quality Indicators (version 4), which are used to assess bids for funding through the National Affordable Housing Programme 2008/11. The table was revised in 2007 in order to provide consistency and to assist housing associations to submit bids which fully meet the Housing Corporation's standards.
- 4.5 The Housing Corporation have recently expressed concerns that the current standards may not be delivering dwellings of an adequate size appropriate for modern lifestyles and growing families. English Partnerships (soon to merge with the Housing Corporation) published their own space standards in a policy guidance document "English Partnerships' Quality Standards – Delivering Quality Places" (November 2007). The minimum internal floor areas proposed are significantly higher than those required under Housing Quality Indicators (see final column in table 8 below).
- 4.6 The Housing Corporation and English Partnerships have started to work on common standards in the run up to the merger of the two organisations. The issue of sizes is a key one and no final decision has yet been made on this. In the meantime, the view of the Housing Corporation is that the standards set out are absolute minima and in order to make homes sustainable for the future size and internal layout is a key priority. In accordance with this advice, the Council will encourage developers and housing associations to work to the maximum levels as set out in column 4 of table 8.
- 4.7 Further consideration will be given to this issue in the development of a new Affordable Housing Strategy.

Table 8: Relationship between Bedrooms and Space Requirements

Size of dwelling (bedrooms)	Occupancy (bed spaces)	Dwelling Type (no. of stories)	Target net internal floor area (sq. m.)	English Partnerships minimum standards (sq. m.)
1	2	1	45 - 50	51
		2	45 - 50	
2	3	1	57 - 62	66
		2	60 - 67	
	4	2	67 - 72	77
		2	70 - 75	
3	4	2	67 - 75	Not given
	5	2	82 - 85	93
4	6	2	95 - 100	106
		3	100 - 105	
	7	2 / 3	108 - 115	Not given

5. Implications of Housing Market Conditions

- 5.1 Over the past 12 months the private housing market has experienced a significant down-turn; mortgages are not so readily available, especially for first time buyers and there are indications that some developers may not be implementing planning consents achieved in the short to medium term. Developers have expressed concerns that now the housing market has weakened considerably financial institutions are unwilling to support residential development. The state of the housing market may have serious implications on the delivery of the Affordable Housing Strategy objectives, as follows:
- As the majority of affordable housing units are dependent on the delivery of market housing this may affect the Council's ability to meet its affordable housing targets assuming some developers decide not to develop the large sites on which a planning consent has already been achieved.
 - Developers have expressed concerns that where they have already acquired sites and the average land values have since fallen, the viability of the scheme has been affected. This may have implications on the Council's ability to meet its affordable housing quotas through planning policy.
 - Assuming that all the sites with a planning consent are progressed, there will be a significant number of low cost home ownership units to be sold over the next 4 years. There are already indications from HomesinHants, the local zone agents that demand for the various Homebuy schemes is falling and fewer households are applying to go on the register. If future supply exceeds demand there may be a requirement to investigate alternative ways to deliver these affordable dwellings and to assist potential first time buyers. One option may be a "Try Before You Buy" scheme allowing applicants to move into the property on an intermediate rental tenancy then to transfer to a shared ownership basis once market conditions and the availability of mortgages improves.
 - Opportunities may arise to address potential shortfall in affordable housing provision by encouraging housing associations to acquire land outright and develop their own mix tenure schemes. This may also help local building contractors to continue operating and providing employment for tradespersons over the coming difficult period ahead.
- 5.2 The above issues will be fully explored in the development of the new Affordable Housing Strategy.

6. Choice of Affordable Housing Providers

- 6.1 As described in the Affordable Housing Strategy, the Council has entered into partnering arrangements with three housing associations in the delivery of the affordable housing programme. These are:
- Atlantic Housing Group / Portsmouth Housing Association (both part of First Wessex Group)

- Swaythling Housing Society (part of the Radian Group)

- 6.2 The Council views this close working relationship as important to the successful delivery of affordable housing to meet local need. This partnering approach embraces design, development and management issues as well as a commitment to contribute towards meeting our strategic objectives.
- 6.3 Over the past year the Council has experienced several instances where developers have refused to deliver affordable housing through a preferred partner housing association. Under the provisions of Planning Policy Statement No. 3 (PPS3), local authorities cannot prescribe affordable housing providers in planning conditions and therefore the Council is unable to prevent a proliferation of new housing associations working in the Borough. The Council would hope to limit this practice by early dialogue with developers and encouraging them to work with housing associations already active within the Borough. However this approach would have implications on the current preferred partner arrangements with three local providers.
- 6.4 The Council's powers extend to ensuring that any new housing association wishing to work in the Borough provides a service comparable to existing providers. It can do this by scrutinising the associations' long term arrangements and standards regarding development, management, local presence and cost. PPS3 does allow the Council to reject any particular provider where it can robustly demonstrate that these standards have not been met. Therefore the Council has developed the "Criteria for Assessing Affordable Housing Providers under PPS3" in order for a potential housing provider's commitment and standards to be verified.
- 6.5 The Council has a new management agreement to incorporate the good standards expected of any housing provider (as set out in the criteria above) and support for the scheme will be dependent on the housing association's willingness to enter into such an agreement.

7. Housing Quality Issues

- 7.1 The Affordable Housing Guidance Manual, companion to the Affordable Housing Strategy has been updated to reflect the issues arising from the Housing Corporation's latest Design and Quality Standards and the Code for Sustainable Homes. From April 2008 onwards all new affordable homes must be built to Code for Sustainable Homes Level 3. The Council wishes to explore the possibilities of flagship schemes to Code Level 4 and beyond. This issue will be explored through consultation with other agencies in the development of a new Affordable Housing Strategy for 2009-12.
- 7.2 The Council has concerns regarding the accessibility of both houses and flatted developments for wheelchair users and wishes to explore with housing associations requirements to meet lifetime homes and the provision of lifts to upper flats. This issue will also be considered in developing the new Affordable Housing Strategy.

8. Low Cost Home Ownership Initiatives

- 8.1 Two new products have been launched in Hampshire to replace the previous Open Market HomeBuy initiative. The Council will promote these products

together with the existing “Newbuild HomeBuy” initiative. The new products are aimed at helping local residents, social tenants, key workers or other first time buyers who live or work in the area and earn less than £60,000 but can not afford to buy a suitable home on the open market:

- “MyChoiceHomeBuy” is an equity loan scheme providing up to 50% of the value of the home. Thames Valley Housing Association is the appointed agent in Hampshire.
- “Ownhome” and is provided by a partnership between Places for People and the Co-operative Bank. Up to 40% of the value of the property is provided by Places for People with the remaining purchase price being met by a mortgage with the Co-operative Bank.

8.2 The Council has developed its proposals of offering its existing tenants an opportunity to buy a share in their homes through the Social HomeBuy scheme and is due to start running a 12 month pilot of the scheme.

9. Financial Resources

9.1 The Affordable Housing Strategy describes the Council’s commitment to continue to make financial resources available to support the provision of affordable housing. Of the £9 million reserved funding originally allocated over the three years, £5.2 million remains unallocated.

9.2 This funding will be very important to “stretch” the Housing Corporation’s grant to secure more affordable housing in the Borough. The Council will place emphasis on using its funding to address local issues and concerns such as the promotion of highly energy efficient housing (Sustainability Code Level 4 and beyond) and the emerging Older Persons Housing Strategy (extra care housing / re-provision of unpopular schemes).

9.3 Through the Housing Corporation’s National Affordable Housing Programme (NAHP) 2008 -11, Fareham bids totalling over £16m have been supported to receive funding over the three year period. At the initial bidding stage many of these projects were still under development and not fully deliverable in the short term. Therefore a marker was put down indicating the likely schemes that would require social housing grant in the future through the new quarterly Regular Market Engagement process.

9.4 The initial allocations under the NAHP 2008 -11 and the success in attracting additional funding from the NAHP 2006-08, enabled a total of £4,145,000 social housing grant to be secured from January – April 2008 towards affordable housing scheme in Fareham.

9.5 The Government has recently announced that £600m of the NAHP funding over the next 3 years will be top sliced for the Growth Support (Affordable Housing) Fund. The fund is a competitive one targeted at growth points in the South East and East of England and has been set up to tackle the problem of insufficient land in the capital to meet the needs of London’s population, together with the implications of the higher land and construction costs. There is a firm expectation from the Housing Corporation that local

authorities in the south east and in particular growth point areas (such as the Partnership for Urban South Hampshire) will support bids from housing associations under this fund, over the next 3 years. Schemes will need to offer a minimum of 30% of nominations to London boroughs for a period of 5 years. After this time 100% of nominations will be available to the host local authority.

- 9.6 The Growth Support (Affordable Housing) Fund has significant implications for Fareham and the other PUSH authorities. PUSH has out performed all other growth points in the region in the first round of NAHP 2008-11 as identified in the Corporation's South East Investment Strategy. This could add pressure for bids to be considered under the Fund as there is likely to come a point when the mainstream programme will be spent. The issue is likely to need agreement at a PUSH level as it will have important implications for the amount of affordable housing being proposed in the sub-region. This will then need to be considered in developing the new Affordable Housing Strategy.

10. Future Programme

- 10.1 The current Fareham Housing Strategy includes a schedule giving an indication of the sites expected to come forward for development up to 2009-10. In the period up to 31 March 2008, the programme was predicting the completion of 276 affordable homes. There have been a number of changes since that time, with several schemes being delayed but a number of additional units being acquired off the shelf. The total number of units completed during that period was 244. Set out below is the latest estimate of completions for the current year and 2009/10. In respect of the larger sites handovers will be phased over 3-4 years and this has been reflected in the programme. No allowance has yet been made for the implications of a downturn in market activity for 2009 onwards. There are several completions programmed for March 2009, so that any contractor delays would have implications on the Council's ability to meet the 100 homes target for a third consecutive year.

2008/09 PROGRAMME		
Fareham Community Centre	Former Council Land	20
Laundry site, Gudge Heath Lane	PPG3 Site	6
Kings Road Assembly Hall Site	Former Council Land	9
MODA, 163 West Street	Outside Planning Policy	22
Coldeast Hospital – Phase 1	PPG3 Site	18
Land West of Grovebury	PPG3 Site	3
98-104 Portchester Road	PPS3 Site	9
Oil Depot Site, Gudge Heath Lane	PPS3 Site	15
TOTAL		102

2009/10 PROGRAMME		
Coldeast Hospital – Phase 1	PPG3 Site	7
Swanwick Marina	PPS3 Site	16
5-13 Osborn Rd South	Council Land	24
Shetland Rise	PPS3 Site	16
Broadlaw Walk – Phase 1	Regeneration	56
Hunts Pond Road – Phase 1	PPS3 Site	24
Peters Road – Phase 1	PPS3 Site	24
Prelate Way / Hunts Pond Road	PPG3 Site	7
Council Infill Sites	Council Land	6
ATC site, Farm Rd, Titchfield	PPS3 Site	14
	TOTAL	194