

**STRUCTURE PLAN AND
REGIONAL PLANNING ISSUES PANEL
Tuesday 12 October 2004**

Item No.

5

Members of Panel: M Bayes, R Clements (Sub), A Dodd, D Drake, J Metcalf (Sub), M Saunders, R J Smith, I Simpson, W Storey (Chairman), B A York.

Affordable Housing – Referral From Environment Scrutiny Committee

Author: Jon Tiley (01992 556292)

1. Purpose of Report

1.1 The June Environment Scrutiny Committee considered a report on issues associated with affordable housing in the County(attached at Appendix 1). The Committee resolved not to carry out any further scrutiny of the issue, but to refer the matter for further consideration by the Structure Plan and Regional Issues Panel. The Panel is therefore asked to consider what further consideration of this issue should be undertaken.

2. Background

2.1 A report on the County Council's role in the delivery of affordable housing was considered by the Environment Scrutiny Committee in June. A copy of that report is attached.

2.2 The report generated a lively discussion on the issue. However Scrutiny Committee concluded that it did not want to take further investigation of the issue. However, in recognition of the importance of the matter, the Committee resolved to refer further consideration of the affordable housing issue to this Panel.

2.3 The Panel needs to consider how it wishes to take forward this issue. One possible way may be through an annual monitoring report on affordable housing in the County, which could act as the starting point for appraising how well the County is performing on achieving affordable housing targets, and whether specific action needs to be investigated.

Appendix 1

<u>Agenda Item</u> <u>No.</u>

HERTFORDSHIRE COUNTY COUNCIL

ENVIRONMENT SCRUTINY COMMITTEE

JUNE 2004

Affordable Housing

Report of the Director of Environment

Author: Jon Tiley

Tel: 01992 556292

Executive Member: Derrick Ashley

1. Purpose of report

1.1 To examine the number of affordable homes being built in the County.

2. Summary

2.1 In January 2003, the Resources, Prosperity, Partnership and Consultation Scrutiny Committee recommended that the Environment Scrutiny Committee should look at the number of affordable homes being built in the County.

2.2 Affordable housing is defined as housing which is in some way subsidised, to enable a household access to accommodation, which they could not otherwise achieve in the open market.

2.3 This report sets out the number of affordable homes that have been built in the County over recent years, and examines the respective responsibilities for the delivery of affordable housing.

3. Conclusion

3.1 Whilst the issue of affordable housing is very important in terms of the social and economic well being of the County, the ability of the County Council to directly influence the delivery of affordable housing is very

limited. The Committee is asked to confirm whether it wishes to undertake further scrutiny of this issue and if so, how it would wish to proceed.

4. Background

- 4.1 The delivery of new affordable housing is currently achieved mainly through the planning system. Government Planning Policy Guidance on Housing – PPG 3 – sets out that :-

“A community's need for a mix of housing types, including affordable housing, is a material planning consideration which should be taken into account in formulating development plan policies and in deciding planning applications involving housing. Where there is a demonstrable lack of affordable housing to meet local needs - as assessed by up-to-date surveys and other information - local plans and UDPs should include a policy for seeking affordable housing in suitable housing developments”.

- 4.2 Development plans are therefore expected to include locally justified targets for the provision of affordable housing. Planning applications for residential sites above key size thresholds are then expected to make a contribution towards the delivery of affordable housing .

- 4.3 The definition of what is an affordable dwelling is very wide. In terms of the Planning Policy Guidance it is any housing which is in some way subsidised, to enable households to meet their accommodation requirements, which they would not otherwise be able to meet in the open market. Affordable housing can therefore embrace social rented housing delivered and run by a Registered Social Landlord (RSL), equity share housing, again most commonly provided by an RSL; through to housing for sale, and provided at discounted prices to local people .

- 4.4 Each scheme which delivers affordable housing is progressed through a Legal Agreement (Section 106 Agreement), which secures the developer contribution towards the housing. In most cases, in addition to the developer contribution, some form of additional subsidy is required from the public purse, to enable the cost of the housing to the potential occupants to be affordable. This funding is distributed to RSLs from the Housing Corporation.

- 4.5 The amount of new housing in the County which is affordable has been measured over a number of years, initially as part of the monitoring of Development Plan policies, and latterly in addition as part of the County Council's Best Value Performance Plan Indicators.

- 4.6 A summary of the amount of affordable housing built over recent years is set out below :-

YEAR (financial)	Affordable Completions	Total Net Completions	Percentage Affordable
2003- 2004	552	2986	18
2002-2003	582	3229	18
2001-2002	490	3147	16
2000-2001	581	3463	17
1991-2000	5381	32883	16

- 4.7 The table sets out that the provision of affordable housing as a percentage of the total new housing built has remained relatively stable since 1991. In the last two years the percentage has increased slightly to 18%. It should be noted that this does not necessarily reflect all affordable housing entering the control of RSLs, as often housing for affordable housing initiatives such as the Government's Key worker Housing initiatives, are purchased from the existing stock of housing.
- 4.8 What is quite clear however is that these levels fall far short of the assessed need for affordable housing in the County. The District Councils' own assessments of housing need , which they are required to carry out, leads to targets for affordable housing across the County which are between 25 and 35 %. However, often these are pragmatic levels set to reflect the economics of development , rather the real need. Estimates of the levels of affordable housing needed to meet real needs would be over 50%.
- 4.9 There are many factors which influence the amount of affordable housing being achieved. As explained, each affordable housing scheme has to be negotiated on a site by site basis, and factors such as the type of site, the economics of developing it, and the demands for contributions to other infrastructure such as transport provision , education or leisure facilities can all influence the amount of money the developer is willing to contribute. Some sites are too small to qualify to make a contribution, although there is some discretion to lower the site threshold limit if local evidence demonstrates that much of the housing supply is to come forward from smaller sites. Very simply often the amount of affordable housing achieved can be dependant on the relative negotiating skills of the parties involved. Finally, as set out above, a degree of additional public subsidy is often needed to achieve the most needed type of affordable housing – i.e RSL housing to rent. However there are limited funds available through the Housing Corporation to RSLs to fund affordable housing schemes.
- 4.10 The County Council's ability to directly influence the quantity of affordable housing being delivered in the County is very limited. Responsibility lies with District Councils as both the Housing Authority and the Local Planning Authority determining planning applications for

housing development. However, even their ability to meet clearly justified affordable housing targets is often beyond their control and lie with Central Government policy advice and funding decisions.

5. Financial Implications

- 5.1 There are no financial implications associated with this report.

6. Service Access Implications

This issue has implications in terms of social inclusion. Achieving balanced communities in high house price areas such as Hertfordshire relies in part on intervention in the housing market to deliver subsidised housing. The current system for delivering sufficient affordable housing does not meet assessed need. It is having an impact on communities in Hertfordshire, and in particular is affecting those lower and middle income households, who are not eligible for socially rented housing, but are unable to gain access to funding to achieve owner occupation.

7. Conclusion

- 7.1 The issue of affordable housing is very important in terms of the social and economic well being of the County, as set out in the report. The ability of the County Council to directly influence the delivery of affordable housing is very limited. District Councils , being both the determining authorities for relevant planning applications, together with being the Housing Authority for any particular area, have the statutory lead in the delivery of new build affordable housing.
- 7.2 The County Council's role in relation to the delivery of affordable housing, is focussed on ensuring that the best possible policy framework is in place in the Development Plan. Under the new planning system, this will involve lobbying for strong policies in Regional Planning Guidance, Sub Regional strategies, and Local Development Frameworks. The County Council's input into keeping such policies under review is undertaken by the Structure Plan and Regional Planning Issues Panel.
- 7.2 The Committee is asked to confirm whether it wishes to undertake further scrutiny of this issue and if so, how it would wish to proceed.

Background Documents

None