

**SOUTH EAST ENGLAND
REGIONAL HOUSING BOARD**

Date: 14 May 2007

Subject: **Items for Information:**

- 1. Partner and Regional Housing Forum Update (verbal)**
- 2. Ends and Means: The Future Roles of Social Housing in England (Hills Review)**
- 3. Housing Corporation Update**
- 4. Strategic Housing Market Assessments**

Recommendation:

It is recommended that the Board note the contents of this report.

- 1. Partner and Regional Housing Forum Update (verbal)**

- 2. Ends and Means: The Future Roles of Social Housing in England (Hills Review)**
 - 2.1 In 2006, Professor John Hills was commissioned by the Secretary of State for Communities and Local Government to consider what role social housing can play in 21st Century housing policy. A summary of Professor Hills' report, which was published in February 2007, has been circulated to the Board together with the National Housing Federation's briefing which sets out the housing association sector's initial response to the findings.

 - 2.2 The Hills Review focuses on the role of social housing in creating mixed communities and how it can encourage social and geographical mobility. The Review paints a picture of progressive polarisation between market and social housing in terms of cost, space per person and physical standards. Social tenants are more likely to be older, disabled, from a black or minority ethnic (BME) background, on a low income or unemployed. They are less able to move home, for example, to take up employment. The picture of disadvantage is reinforced by the structure of the Housing Benefit system which acts as a disincentive to work, particularly for larger households. This polarisation is expected to worsen as the number of social sector vacancies reduces and house prices continue to rise, fuelled by inter-generational assistance with house purchase.

- 2.3 Prof Hills identifies a need to design systems to minimise the further effects of polarisation. These would include:
- introducing a wider range of financial products which could provide support with the cost of housing at the time in people's lives when they need it and that are not tied or limited to traditional social tenancies
 - creating mixed income neighbourhoods by focusing on the existing stock
 - developing housing-related policies to give better employment outcomes for social tenants. (This would include linking support in accessing housing and training or employment and the generation of local employment opportunities by public sector landlords).
- 2.4 The Board may wish to take Prof Hills' findings into consideration when allocating funding for new social rented housing for 2008 – 11. For example, in areas where larger homes are lacking in the existing social rented stock, giving priority to larger units would contribute to mixed communities and stimulate mobility within the stock.
- 2.5 It is anticipated that more detailed policy development at CLG will flow from the Hills Review. This is likely to offer synergies with the emerging RHB work programme post-RHS review and could include investigating alternative housing options for older people and BME households.

Contact: Cath Stubbings, Housing Policy Advisor
T: 01483 555216
E: catherinestubbings@southeast-ra.gov.uk

3. Housing Corporation Update

- 3.1 Launch of Pre-Qualification Prospectus for the 2008-11 National Affordable Housing Programme
- 3.1.1 This document was launched on 10 April setting out the framework for the 2008-11 NAHP and inviting organisations interested in being investment partners to apply for pre-qualification.
- 3.1.2 This document builds on the Housing Corporation's '*Future Investment Approaches*' proposals which were launched in September 2006, consulted upon and subsequently refined. The outcome is a more streamlined and modernised bidding process with efficiency and quality at the core. The key messages are as follows:-
- Arms Length Management Organisations (ALMOs) and local authority special purpose vehicles are invited to bid, in addition to housing associations and developers

- more certainty for affordable housing providers by funding being available for three years as opposed to the current two, with funding available on strategic sites (to be defined by regional housing boards) for up to five years to increase confidence in land banking
- the move to regular market engagement through the ability to access funding during 2008-11, by potentially not allocating the full amount of funding available, enabling greater flexibility and to improve efficiency
- an increased emphasis on performance, quality and service delivery of providers
- expectations of higher quality, design and environmental standards (minimum Code for Sustainable Homes Level 3 to be achieved in 2008-11)
- significant efficiency gains.

3.1.3 Expressions of interest are invited for pre-qualification by 17 May. The proposed timetable at present for the main bids round for 2008-11 is as follows:-

- early September 2007 - launch of main prospectus and bid round
- mid November 2007 - close of bidding
- mid January 2008 - draft programme to Regional Housing Board
- February/March 2008 - Ministerial approval

3.2 Launch of Housing Corporation's Design and Quality Strategy and Design and Quality Standards

3.2.1 The above strategy was launched on 10 April which sets out the steps that the Housing Corporation proposes to take to ensure affordable housing providers respond to new building and design challenges. The launch of revised standards represents the first revision to the requirements for newly built affordable housing for four years.

3.2.2 The two documents recognise the importance of sustainability, mixed communities, of enforcement and the important role of tenants in ensuring high quality design. Key elements are as follows:-

- a more streamlined approach to standards focused on three core standards - internal environment, external environment and sustainability
- requirement for Code for Sustainable Homes Level 3 as a minimum
- on the external environment to achieve 12 of the 20 Building for Life criteria
- specific additional standards for higher density family housing.

3.3 Update on Housing Corporation Economic Appraisal Toolkit Workshops

3.3.1 Nine workshops have now been arranged throughout the region (see below), to be run on a county basis. These are intended to be fairly small (maximum 40 attendees) half day, informal workshops focused on the principles of appraising developer contributions to affordable housing, an overview of the model, key inputs/outputs/data/sensitivities and expectations around its use.

29 May -	Reading (Berkshire)
7 June -	Eastleigh (Hampshire/loW)
12 June -	Oxford (Oxfordshire)
26 June -	Tunbridge Wells (Kent)
5 July -	Aylesbury (Buckinghamshire)
18 July -	Waverley (Surrey)
19 July -	Brighton (East Sussex)
26 July -	Burgess Hill (West Sussex)
27 July -	Croydon

3.3.2 Invitations will be sent out at the end of April to local authority housing and planning departments, housing associations, developers and other interested parties including Regional Housing Board member organisations.

Contact: Fiona Cruickshank, SE Field Director, Housing Corporation.
E: fionacruickshank@housingcorp.gov.uk

4. Strategic Housing Market Assessments (SHMAs)

4.1 Practice Guidance on SHMAs and an Advice Note on identifying sub-regional housing market areas were published by CLG in March 2007. Both documents amplify the policy approach set out in PPS3 which requires local planning authorities and regional planning bodies to take note of housing markets when planning for housing.

4.2 Both documents emphasise the need for regions and local authorities to work together to identify sub-regional housing market areas and to develop both the evidence base and policy on the basis of an assessment of the housing markets identified.

4.3 The advice note states that housing market areas should be set out in the relevant Regional Spatial Strategy and that regions and local authorities should work together to identify sub-regional housing market areas as a starting point for the SHMA process. There is a clear expectation that regions will take a lead in defining the market areas.

- 4.4 Three sources of information are described which can be used to identify sub-regional housing market areas. Any one or a combination of the information sources can be used. The development of further innovative approaches is not precluded. Publication of the advice note is timely in view of the Board's recent decision to update the DTZ research that identified proposed housing market areas and will be taken into account in drafting the project brief for the update.
- 4.5 By suggesting that local authority administrative areas are grouped together as an approximation for functional sub-regional housing market areas, the advice note goes some way to resolving difficulties with market area boundaries but the Board should be alert to any "multi-market" authorities identified when the DTZ work is updated.
- 4.6 Following the identification of sub-regional housing markets, it is expected that regions will co-ordinate a programme of SHMAs. SHMAs are seen as a crucial aspect of the evidence base for the RSS and RHS.
- 4.7 The assessment guidance replaces previous guidance on the assessment of housing need and housing market assessment, setting out a framework for assessment. It overcomes a number of difficulties, notably with consistency, inherent in the previous guidance. Emphasis is placed on collaboration within and between housing market partnerships, cost-effectiveness, use of secondary data and direct involvement of members of the HMA partnership and stakeholders to ensure ownership of the process and the findings.
- 4.8 The documents incorporate a number of points made to CLG by the Assembly based on the experience of the RHB pilot partnerships. Some of the outstanding issues discussed by the Board on 2 March are addressed in the documents but others remain outstanding - notably the relationship between RSS sub-regions and housing market areas and the robustness and durability of housing market areas. The letter sent on the Board's behalf to CLG requesting further discussion on these points took into account the points addressed in the new documents.

Contact: Cath Stubbings, Housing Policy Advisor
T: 01483 555216
E: catherinestubbings@southeast-ra.gov.uk