

**SOUTH EAST ENGLAND REGIONAL ASSEMBLY
EXECUTIVE COMMITTEE**

Date: 17 June 2005

Subject: **South East Regional Housing Strategy 2006**

Report of: Director of Planning and Transport

Recommendation:

That the Executive Committee, on behalf of the Assembly, endorse the South East Regional Housing Strategy 2006 for submission to Government.

1. Purpose of Report

- 1.1 To advise the Executive Committee that the Regional Housing Strategy 2006 is now ready for submission to Government and to seek the Committee's support.

2. Context

- 2.1 The first Housing Strategy for the region was submitted to Government in 2004, after a hurried process of consultation and preparation. It was always envisaged that this was an interim strategy, which would need to be replaced by a more definitive version.
- 2.2 The Regional Housing Board have therefore spent the last 13 months developing that improved version, which will be submitted to Government to guide affordable housing provision and public housing investment in the region for the period 2006-2008. The Strategy has been the subject of extensive consultation and the Assembly and its Committees have made comments.
- 2.3 In overall terms, the consultation responses were supportive of the Strategy, although there was significant criticism that priorities for funding were insufficiently clear. The final version addresses this issue and also incorporates many detailed commendations to sharpen its focus and clarify its message to Government.
- 2.4 I am pleased to say that the Board has been able to accommodate all the Assembly's key points in the final version. Specifically, it has also strengthened references to the relationship with the emerging South East

Plan and the vital importance of increased and timely infrastructure investment to accompany housing provision.

- 2.5 Assembly members of the Board have been actively and extensively involved in the production of the Strategy. The Chair of the Board, Paul Martin, Director of the Government Office, will be attending the Executive Committee meeting and will be happy to answer questions.
- 2.6 On this basis, I commend the Strategy to the Executive Committee for endorsement. Attached at Annexes 1 and 2 are the Executive Summary and list of recommendations from the latest version of the Strategy.

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7 June 2005

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Annex 1: Executive Summary

Annex 2: Recommendations

Extract from South East Regional Housing Strategy 2006:

EXECUTIVE SUMMARY

Introduction

This Regional Housing Strategy sets out our priorities for housing investment in the South East and a framework for allocating resources. It takes effect from 2006 and is accompanied by an investment plan that covers the two years 2006-07 and 2007-08.

Priorities

Our priority is to increase the supply of affordable housing¹, because prices and private sector rents are out of reach of people on low and even average incomes and homelessness remains a significant issue. We are also concerned about the large numbers of non-decent and unfit properties² across all sectors that cause some of the most vulnerable people in the region to live in sub-standard accommodation.

So we believe:

- we need to build more affordable homes
- we need to bring decent housing within reach of people on lower incomes
- we want to improve the quality of new housing and of existing stock



Supply and affordability

Undersupply has led to acute affordability problems - buying or renting an acceptable home is impossible for too many households. We need to substantially increase housing completions in the South East to meet future needs and to restrain house price inflation. The region has recently achieved for the first time the level of house building set by current Regional Planning Guidance, but we need to go further.

The need is most acute for social rented housing where the supply has actually declined in recent years. Out of approximately 12,000 affordable homes that current Regional Planning Guidance suggests are needed every year only about 6,700 were built or acquired in 2004-05. So we need to make significant investment in all types of affordable housing so that people have a choice of accommodation and a choice of tenures. Because the need for such housing varies widely throughout the region we will be asking the Housing Corporation to target its building programme where need is greatest. We will also be aiming to maximise the number of affordable homes built without subsidy.

Affordability is of particular concern to households wishing to purchase a home of their own for the first time. This strategy reflects the needs of first time buyers as well as those wishing to move to larger properties and those who prefer to rent.

The Government has highlighted the need to make sure that workers who are important to our local economies can afford a



¹ Affordable Housing – please see definition in glossary

² Decent Homes and Unfit Properties – please see definitions in glossary

place to live. So investment is flowing into the region, via the Key Worker Living Programme, to help nurses, teachers and police officers buy or rent homes at prices significantly lower than those on the open market. We will continue to invest in this programme where proposals for development are based on evidence of need. We also want to support as much as possible, other locally defined lower income essential workers, who make a vital contribution to our local economies.



Sustainable communities

Simply building houses is not enough. Thriving and sustainable communities and the continued economic success for the South East can only come about through a broader approach to planning and investment. It is vital that appropriate bodies invest in the necessary supporting infrastructure and that services such as schools, roads, hospitals and community facilities are developed alongside new housing. The tenure, type and size of housing should be designed to both minimise the impact on the environment and ensure long-term viable and balanced communities. The buildings we invest in will need to be of high quality. We will expect innovative design and will only fund schemes that meet the 'very good' EcoHomes rating³. We would encourage the use of Modern Methods of Construction in meeting these requirements and in reducing the unit cost of new homes.



These principles hold good everywhere, but are particularly critical in the growth areas of Milton Keynes and Aylesbury Vale, Ashford and the Thames Gateway where we want to invest to support private sector and other Government-funded development.

We are committed to building on brownfield land wherever possible, so that we reduce the need to build on greenfield sites, and to making the most of our opportunities to help rebuild town centres and regenerate deprived areas. That means higher densities, particularly in our inner towns and cities, and we will only invest in projects that make good use of land.

Investment in housing is needed to address the acute affordability problems in many rural areas, exacerbated by second home owners and wealthy commuters, that can cause communities to decline as local residents look elsewhere when their housing needs change. While some people are concerned that development could harm the character of villages, small-scale rural developments contribute to the sustainability of villages and help to ensure that shops and amenities can remain open. We will therefore continue to invest in rural areas and small market towns, and seek to promote the Rural Enablers programme. We also intend to review the needs of rural areas as a more coherent and evidence-based picture emerges.

We will promote examples of effective practice and innovative approaches within the region seeking to foster balanced, diverse and inclusive communities that meet the needs of all citizens including minority groups such as gypsies, travellers and migrant workers.

³ EcoHomes 'very good' rating – please see glossary

Decent homes and private sector renewal

Whilst new homes are critical, most of us will continue to live in older properties that are in varying states of repair. The Government has set a target of ensuring that all socially rented homes are made decent by 2010 and this region still has a long way to go to meet the standard. Local authorities are currently consulting their tenants on the most suitable way to finance the improvements required. We can provide limited help to local authorities to meet the decent homes target in line with the outcomes of the Options Appraisal process.



Unfit homes in the private sector are a particular concern because they often house vulnerable groups such as the elderly and those on low incomes. The challenge is to ensure that 70% of these homes are made decent by 2010. Elderly residents can be 'equity rich, cash poor' so mechanisms to facilitate home improvements need to be reviewed. In the private rented sector some landlords are unwilling or lack the incentive to upgrade their properties. In the short term we will support local authorities where the problem of unfitness is greatest and will commission research to inform investment priorities for

private sector renewal in future.

The way forward

We will channel most of our investment through the Housing Corporation to build new affordable properties in the areas of greatest need around the region⁴. In general, we will only fund affordable housing on sites that deliver a density of at least 40 dwellings per hectare although exceptions will be made where appropriate and based on evidence. Significantly higher densities should be achieved where conditions allow. In terms of affordable housing the most acute need is for more social rented accommodation. We will therefore allocate around two-thirds of all funding for affordable housing for social rented homes. We will make full and effective use of strategic sites where they are aligned with areas of greatest need, and would encourage a sub-regional housing market area approach particularly through shared nominations procedures. Land supply is another major issue and following strong support from the consultation we will look to develop a strategic portfolio of brownfield land that can be used to help increase supply of affordable homes.

We can and will make our money go further as we concentrate on our priorities. The primary focus of this strategy is the provision of new affordable housing, with increased emphasis on social rented homes. We know that we cannot resolve all the region's issues with the resources currently available; in the medium term it will require substantial additional resource to meet the need for affordable housing and to make good the existing stock. This strategy begins the journey towards that goal.



⁴ Section 5 sets out how areas for priority investment are determined

Extract from South East Regional Housing Strategy 2006:**Recommendations.***To Government*

- Appropriate and accessible care and support packages are needed to support vulnerable applicants and help them maintain tenancies once housed.
- In rural areas, Government should support the continuation and expansion of the rural housing enabler programme and consider how it could be funded in order to secure community involvement and enhanced delivery of schemes.
- The Key Worker Living Programme should be evaluated to determine the extent to which it meets the needs of the sponsor Departments.
- Social housing should be developed in the growth areas at the same pace as, and not ahead of, market housing.

To Board Partner Agencies

- The Regional Assembly should ensure that the South East Plan supports the delivery of an effective supply of housing, both in overall terms and in respect of affordable housing provision. Guidance on housing types, tenures and mixed developments should be explicit.
- The potential for delivering affordable housing for key and other essential workers through commercial development should be explored through encouraging companies to provide for the needs of their workforce by development of surplus commercial land and buildings.
- Construction should continue to be one of the priority skills sectors identified for the region, building on the work of the past work of the Regional Housing Forum Task Group.
- Support should be given for the work to increase skills training provision in the region, particularly when targeted towards under-represented groups such as ethnic minorities, women and older workers.
- Support the development of a 'knowledge bank' of good practise and research and evidence.
- Synergies across all funding mechanisms are maximised to support a holistic approach to regeneration and housing market stability.

To Local Authorities

- Accurate reporting of affordable housing provided by developer contributions through Section 106 agreements, without Social Housing Grant.
- Develop innovative private sector renewal schemes with registered social landlords and other partners to help vulnerable people to maintain their independence and remain in their own homes.
- Work together to identify appropriate provision of additional pitches for gypsies and travellers.
- Monitoring and recording difficulties in filling key worker accommodation in order to provide evidenced based information on this issue to the Board.
- Include those with intermediate housing needs on housing registers.

- Planning procurement be used to support the development of construction sector training opportunities.
- Development controls be used to support mainstreaming design review, density and EcoHomes 'very good' standard requirements across all new build and not solely where RHB funding is allocated.
- Address the issue of inconsistencies in the application of MMC to facilitate standardisation across the region.
- Alignment of Supporting People revenue funding with capital expenditure should be undertaken.
- A co-ordinated approach to crime and anti-social behaviour is developed and that new powers are synergised and utilised.

To Registered Social Landlords

- We would encourage adoption of the **iN business for neighbourhoods'** principles that focus on customers, neighbourhoods and excellence.
- Community involvement should be encouraged in the creation of strategies, schemes and initiatives to tackle crime and anti-social behaviour.
- Registered social landlords should be involved in Local Strategic Partnerships, Crime and Disorder Reduction Partnerships and establish contact with Youth Offending Teams working on estates.
- Ensure that longer term maintenance, service and neighbourhood management costs are built in at the development phase.

To the House Building Industry

- New affordable housing should be of a high quality of construction, with layouts designed to maximise provision while at the same time enhancing the quality of the living environment; and should be indistinguishable in appearance from its market counterpart.
- Design should take account of health, safety, security and other issues that impact on the quality and sustainability of the home environment, achieve the EcoHomes very good rating and follow the principles of 'Whole Life costing'.
- Recognise requirements for provision of affordable housing within developments and factor costs in from land purchase onwards.
- Must work more closely with Registered social landlords to ensure that provision, letting and management arrangements foster the development of well-balanced and sustainable communities.

Next steps:

There are a number of activities that we are committed to carry out in the longer term in order to inform and develop future strategies. These include:

- Develop further a sub-regional approach to tackle the region's housing issues including further consideration of allocating priority to schemes delivering affordable housing on strategic sites to meet need across a sub-region.
- Commission research on appropriateness, type, level and nature of unfit properties to inform private sector renewal strategy development.
- Develop a portfolio of surplus public sector land to facilitate the delivery of affordable housing.

- Develop the Regional Housing Board evidence base across all issues with the support of partners and also to work with local authorities and key partners to develop co-ordinated approaches to housing needs surveys etc so that evidence is comparable.

The proposed merger of the Regional Housing Board with the Regional Planning Body is expected later in 2005. Arrangements will be needed to ensure a smooth transition of work.