

INFORMATION SHEET

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Subject: Delivery of new affordable homes 2017/18 and future programme

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Ward Members: All

Affordable homes 2017-2018: highlights

A total of 377 affordable homes were built in Stratford-on-Avon District between 1 April 2017 and 31 March 2018; this is an all-time record.

The homes include

- Twenty seven schemes in Alcester, Alderminster, Bidford-on-Avon, Broom, Gaydon, Harbury, Long Itchington, Lower Quinton, Meon Vale, Napton, Newbold-on-Stour, Salford Priors, Shipston-on-Stour, Southam, Stockton, Stratford-upon-Avon and Wellesbourne.
- A community-led rural "Local Choice" / local needs scheme in Broom.
- Three housing schemes in Alcester, Shipston-on-Stour and Stratford-upon-Avon that enable people with learning and physical disabilities to live independently in their own homes.
- Ettington Court, Wellesbourne, which is the District's third extra care housing scheme for older people. This scheme comprises 40 flats and 10 bungalows, and will officially open later this year.

Tenure and funding

- Roughly three quarters of the homes were for rent.
- Approximately half of the 377 homes were for social rent (the cheapest form of rent) and just under another quarter for Affordable Rent.
- Almost a quarter of the homes were shared ownership i.e. part rent and part-buy. There were also a small number of fixed equity sale homes.
- All rented and shared ownership homes were funded by housing associations; over three quarters of the homes were funded solely by them.
- Grant from Homes England helped to fund 72 homes (Affordable Rent) for people with disabilities, older people, the Broom scheme (also funded by the Council) and a 100% affordable scheme in Napton.

1 Introduction

- 1.1 This information sheet answers some frequent member queries and satisfies the requirements of the Housing Strategy 2015-2020 action plan to update members about affordable housing including emerging policy and issues.
- 1.2 The District Council is committed to meeting local housing needs. The high priority the Council gives to enabling the provision of new affordable homes is reflected in its:
- Corporate Strategy 2015 – 2019;
 - Housing Strategy 2015 – 2020;
 - Core Strategy 2011 – 2031.

2 Why we need affordable housing

- 2.1 New affordable homes are required for two main reasons:
- Many residents on low and middle incomes cannot afford to rent or buy market housing.
 - The market does not provide the right type of accommodation for some residents – especially people who are older or infirm.
- 2.2 According to the Land Registry, the average house price in Stratford-on-Avon District in 2017 was £357,030.
- 2.3 The January 2018 survey of Private Rents in this District ([Member Information Sheet 010-2018](#)) shows that
- The median private sector rent for a 2 bed property is £750 per calendar month (£9,000 per annum).
 - The lower quartile private sector rent for a 2 bed property is £718 per calendar month (£8,616 per annum).
 - Only 6% of properties are affordable to people in receipt of Housing Benefit or Universal Credit.
 - Rents are higher in Stratford town than in most of the District.
- 2.4 As at 1 May 2018, there were 3,748 households registered on the Council’s housing waiting list (Home Choice Plus).

3 Performance last year and since 2011

- 3.1 Last year, 377 new affordable homes were provided: the Council’s highest ever annual total. This brings the total number of affordable homes provided since 2011 (the base date of the Core Strategy) to 1,469.
- 3.2 The yield of new build affordable homes as a percentage of all new housing for the six year period 2011-12 to 2016-17 is 30%. The corresponding percentage for 2017-18 is not yet available, but will be included in the Authority Monitoring Report for that period when published.

- 3.3 The District Council:
- Operates an **Affordable Housing Development Programme**, enabling its partner housing associations to build and manage new affordable homes.
 - Promotes and supports the development of community-led housing schemes, and provides grant aid for the **Stratford-on-Avon District Rural Housing Enabler Project**, operated by Warwickshire Rural Community Council (WRCC).
- 3.4 The substantial majority of dwellings are developed to provide general needs accommodation although specialised housing also formed an important part of last year's programme.
- 3.5 The Council mainly works with six partner housing associations who together account for 93% of supply last year. The associations are
- Bromford
 - Fortis Living
 - Orbit
 - Stonewater
 - Warwickshire Rural
 - Waterloo.

The remaining stock was either provided by specialised providers, or directly via Fixed Equity Sale schemes.

- 3.6 **Funding affordable homes is a challenge.** The demands of the associations' lenders keep changing. Although the percentage of grant funded homes is superficially stable since 2011, the figures belie significant changes in funding arrangements.
- Homes England capital grant is not (as in the past) now generally provided for homes on market-led schemes.
 - Significantly, over three-quarters of affordable homes in 2017/18 were built on market-led "S106" sites without any form of public subsidy.
 - Associations now fund new affordable homes on market-led *and* on all other sites via loans, bonds, their capital reserves, receipts arising from the sale of open market homes and shared ownership properties, and rents including tenure "conversion" of existing stock.
 - Affordable Rent was introduced in 2011. It allows rents up to 80% of comparable local market rents. Use of this tenure product is mandatory for schemes grant funded by Homes England.
 - In Stratford-on-Avon District Homes England grant is generally now only provided for (a) rural and (b) specialised housing schemes. However, because the amount of grant per unit has decreased over the years, top-up grant funding from the District Council has been essential to make rural schemes viable.
- 3.7 The Core Strategy states that on larger sites 35% of the homes should be affordable and that the *overall* affordable housing tenure split should be
- Minimum 60% social rented

- Maximum 20% Affordable Rent
- Maximum 20% intermediate - mainly shared ownership.

This provides the starting point for detailed negotiations on individual schemes.

3.8 An analysis of last year's programme and, to aid comparison, information about the programme in the seven years since 2011 is set out below.

Analysis of completed schemes – percentages are rounded

	2017/18 377 homes		2011/18 1,469 homes	
Type of homes				
General needs	314	83%	1,307	89%
Special needs - extra care	50	13%	91	6%
Other special needs	13	3%	71	5%

New build	376	<100%	1,444	98%
Other	1	<1%	25	2%
Funding				
Housing association <i>and</i>	363	96%	1,436	98%
<i>No grant</i>	(285)	(76%)	(1,107)	(75%)
<i>Government grant</i>	(72)	(19%)	(273)	(19%)
<i>Government & SDC grants</i>	(6)	(2%)	(56)	(4%)
Fixed equity sale	14	4%	33	2%
Tenure				
Social rent	182	48%	948	65%
Affordable Rent	90	24%	130	9%
Shared ownership	90	24%	337	23%
Fixed equity sale	14	4%	33	2%
Other	1	<1%	21	1%
Property size				
One-beds	61	16%	155	11%
Two-beds	193	51%	670	46%
Three-beds	92	24%	505	34%
Four-beds	30	8%	138	9%
Unknown	1	<1%	1	<1%

	2017/18 377 homes		2011/18 1,469 homes	
Property type				
House	258	68%	1,073	73%
Flat or maisonette	100	27%	351	24%
Bungalow	19	5%	45	3%
Provider				
Bromford	66	18%	189	13%
Fortis Living	98	26%	115	8%
Orbit	175	46%	955	65%
Stonewater (formerly Jephson)	0	-	73	5%
Warwickshire Rural	6	2%	54	4%
Waterloo	5	1%	13	1%
Other	27	7%	70	5%
Planning policy status				
Unallocated windfall sites	284	75%	901	61%
Core Strategy allocation	58	15%	71	5%
Other plan allocation	29	8%	407	28%
Local Choice/Local Need scheme	6	2%	74	5%
Existing dwelling purchase	0	-	16	1%
Site status				
Greenfield	325	86%	928	63%
Brownfield	51	14%	496	32%
Other	1	<1%	72	5%
Location				
Stratford-upon-Avon town	49	13%	382	30%
Main Rural Centres	150	40%	625	47%
Local Service Villages	149	40%	315	12%
Other settlements	29	8%	147	12%

See the end of this sheet for photographs of new affordable homes. Five [case studies](#) are also available.

4 Future delivery and changes to policy

4.1 For many different reasons, forecasts for affordable housing delivery in future years are prone to fluctuation. Current indicative estimates are:

- Approximately **400** homes in 2018-19.
- Approximately **200** homes in 2019-20 (this figure will increase as associations sign contracts with developers on market-led sites).

The above figures include the remaining schemes within the Rural Housing Programme 2015. Discussions are ongoing about a further Rural Programme.

4.2 Significant changes at national level in terms of legislation, policy and funding have affected, and are expected to continue to affect the exact scale and nature of affordable housing delivery in future years. The following is a headline list of some of the factors likely to impact on the delivery of new affordable homes in Stratford-on-Avon District in future years. It is not exhaustive or in any particular order of importance.

- **Proposed changes to the National Planning Policy Framework**

The proposed changes are likely to widen the range of affordable tenure products offered and negotiated within new housing schemes e.g. to include Starter Homes and affordable private rent housing at 80% of open market values. They may also negatively affect the overall yield of affordable housing from sites on which affordable housing is required to be provided e.g. more small sites that do not meet the threshold for affordable housing.

- **Availability of Government grant funding from Homes England**

Publication of a new national prospectus is awaited. Amongst other changes, it is hoped that there may again be grant funding for social rents. Social rents are lower than affordable rents but grant funding has only been available for affordable rents during the last few years.

- **Capital investment in existing affordable homes**

Associations (and Councils) are investing more in improving existing stock post Grenfell which means less money for development.

- **The preparation and adoption of the Site Allocations Plan and Development Requirements Supplementary Planning Document (SPD)**

Amongst other things, the Site Allocations Plan will identify Reserve Housing Sites for release if required, and the SPD will provide further guidance about the delivery of affordable housing.

- **Final decisions on new funding regimes for supported housing**

Earlier this year, the Government announced its decision to introduce three new funding regimes to support the development of new affordable homes with effect from April 2020. However, critical issues of operational detail must be resolved before the new systems can become operational.

- **Appetite amongst partner housing associations towards the development of smaller housing sites**

Recent experience has indicated a marked reluctance amongst the Council's partner housing associations to participate/invest in the development of smaller housing sites (generally, sites of fewer than about 20-30 homes).

- **Investment priorities for the proposed Local Housing Company**

Following the decision of The Cabinet to proceed with the establishment of a Local Housing Company, a detailed business case will be prepared. This will necessarily need to involve decisions about future priorities.

- **The impact of increasing construction costs (labour and materials)**

- **The forthcoming Social Housing Green Paper**

The Government has announced that this paper will be published before the parliamentary summer recess.

- **West Midlands Voluntary Right to Buy pilot**

This [Government pilot](#) involves housing associations selling homes in the West Midlands under the Right to Buy. It will result in associations having more funds available for development. The pilot is imminent but no start date has yet been announced.

Housing associations will get 100% of the open market value of any affordable homes that they sell. At a national level any affordable home sold must be replaced by a new affordable home. A "replacement" home can be built in a different location to a sold property and can be a different affordable housing tenure and size to the sold property e.g. the sale of a social rented property in Stratford could result in a new shared ownership property elsewhere in England.

Dave Webb

EXECUTIVE DIRECTOR

Affordable homes 2017/18 (see [case studies](#))



Alcester – scheme for people with physical / learning disabilities (100% affordable)



Stratford-upon-Avon – scheme for people with learning / physical disabilities (100% affordable)



Broom – local choice / needs mixed tenure scheme



Wellesbourne – extra care housing scheme for older people (100% affordable)



Newbold-on-Stour – market-led s106 mixed tenure s106 market led site



Wellesbourne – extra care housing scheme for older people (100% affordable)