

# Economic Growth Scrutiny Panel

Agenda  
Item:  
**A.2**

Meeting Date: 1 March 2018  
 Portfolio: Economy, Enterprise & Housing  
 Key Decision: No  
 Within Policy and Budget Framework: Yes  
 Public / Private: Public

Title: Housing Strategy  
 Report of: Corporate Director of Economic Development  
 Report Number: ED 07/18

## Purpose / Summary:

The report provides an update on the proposed direction of the Council's emerging Housing Strategy. Representatives from local Housing Association partners have also been invited to provide additional input and context from the perspective of the social housing sector.

## Recommendations:

The Panel are encouraged to use the opportunity to engage with the local Housing Association representatives to develop a greater practical understanding of affordable housing delivery, which can then be used to feed into, and inform, the direction of the emerging Housing Strategy.

## Tracking

Executive:	
Scrutiny:	
Council:	

## 1. BACKGROUND TO EMERGING HOUSING STRATEGY

1.1 There is no longer a statutory requirement on Local Authorities to maintain a Housing Strategy. However, there are benefits to having a Strategy, including:-

- providing a clear strategic direction for the Council's housing policies and use of resources;
- aligning housing with other key policies and strategies: including the Carlisle Plan; Carlisle Economic Strategy; Cumbria Housing Statement;
- supporting capital grant funding bids (either by the Council or from partners, such as local Housing Associations) through demonstrating the bids meet with key local strategic priorities.

It is intended that the forthcoming Housing Strategy will cover the period 2018-21.

1.2 The emerging Housing Strategy is intended to focus on the benefits of housing in promoting two key themes:-

- **Housing as an Economic Driver** – in its own right and in supporting a change in the demographic profile, through supporting growth in the working age population. An 'infographic' demonstrating the economic benefits of housing (including delivering affordable and specialist housing, and infrastructure through Section 106 planning obligations) is included as *Appendix 1*.
- **Housing and Health** – Good quality housing provides positive benefits to the nation's health (the NHS has estimated that poor quality housing costs the Health Services £1.4 billion each year). Carlisle was awarded '*Healthy City*' status in 2009, by the World Health Organisation, reflecting the City's commitment to tackling health inequalities.

1.3 The following are emerging priority areas to be explored and examined further through the Housing Strategy:-

- Increasing Supply: Delivering Balanced Communities
- St Cuthbert's Garden Village
- Managing and Enhancing the Existing Stock
- Supporting Vulnerable People and Communities
- Affordable and Specialist Housing: Widening and Enhancing Choice
- Innovation: Thinking Outside the Box.

The above priority areas seek to address supporting the most vulnerable people in society (including homeless households) and providing decent and healthy homes (including in the private sector), alongside creating employment and investment through the opportunities afforded by new development. The new Homelessness Reduction Act, which is due to be enacted from April 2018, will place additional responsibilities on Local Authorities.

## **2. NATIONAL AND LOCAL PLANNING AND HOUSING POLICY**

### **2.1 National Planning Policy**

- National Planning Policy Framework (NPPF)

The NPPF sets out the Government's planning policies for England, and how these are expected to be applied. A key objective is to significantly boost the supply of new homes, meeting objectively assessed needs.

- National Planning Practice Guidance (NPPG)

The NPPG is a Government Website providing revised and updated planning guidance, supporting the NPPF.

The Government is currently reviewing the NPPF – changes are expected in respect of: the definition of affordable housing; supporting new settlements; development on Brownfield land and small sites; Objectively Assessed Needs; and the introduction of a Housing Delivery Test.

### **2.2 National Housing Investment Policy**

The Government's White Paper: '*Fixing our Broken Housing Market*' (2017) sets out a clear vision for increasing levels of housing delivery through a multi-pronged approach. This involves making a range of funding initiatives available through the Government's delivery arm *Homes England*, including:-

- Help to Buy – the Government have renewed their commitment to this scheme, helping first-time buyers onto the housing ladder;
- Housing Infrastructure Fund (as well as a smaller sites infrastructure fund) aimed at unlocking stalled development sites through funding key infrastructure projects;
- Bringing forward public sector land for housing;
- Initiatives aimed at supporting the growth of small to medium (SME) builders;
- Promoting increased take-up of self and custom-build housing;

- Funding for affordable housing – both for social/ affordable rent and shared ownership.

Additional detail is still awaited from the Government on progressing some of these initiatives. The Government had also announced it would be bringing forward a Social Housing Green Paper; although this seems to have been delayed.

## **2.3 Local Planning Policy**

Carlisle District Local Plan was adopted in November 2016 – the housing section of the document:-

- Sets housing targets;
- Identifies residential sites;
- Seeks to secure a mix of property types and tenures to meet a range of needs;
- Deliver specialist housing (including Extra Care housing, or Gypsy & Traveller pitches) in addition to general needs housing.

Local affordable housing planning policies must be in accordance with the definition of affordable housing contained within the NPPF and NPPG.

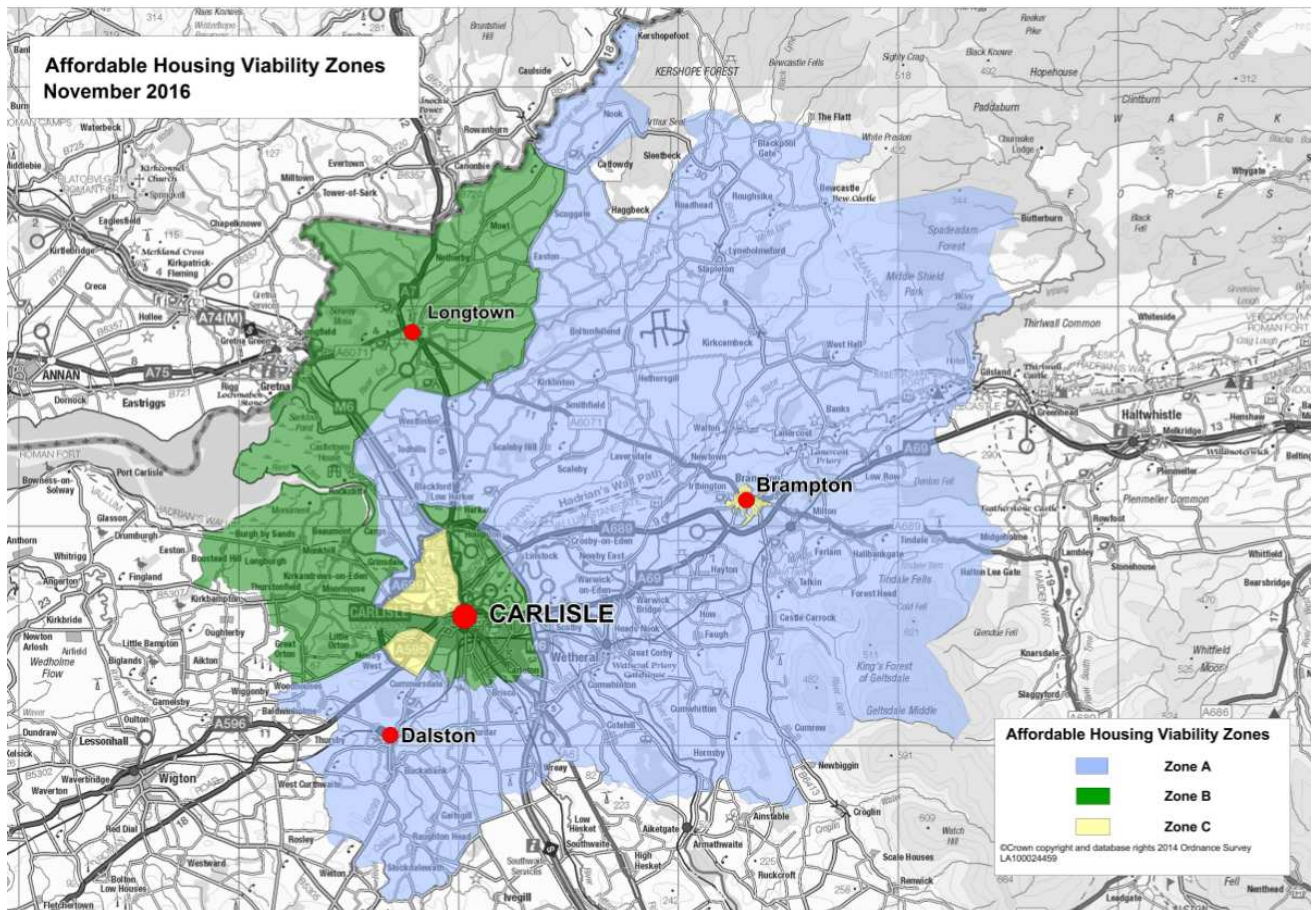
Affordable Housing is covered by Local Plan Policy **HO 4**. The policy sets affordable housing thresholds for different zones, linked to site based viability – a map identifying Zones A, B and C is shown in Figure 1, below.

**Zone A:** the affordable housing threshold is 30% onsite affordable housing on sites of 11 or more units. On sites of 6-10 units a 'commuted sum' financial payment will be required as a contribution towards delivering affordable housing rather than onsite affordable housing.

**Zone B:** the affordable housing threshold is 20% onsite affordable housing on sites of 11 or more units.

**Zone C:** the affordable housing threshold is 30% onsite affordable housing on sites of 11 or more units.

**Figure 1: Affordable Housing Zones Viability Map**



## 2.4 Local Strategic Housing Partnerships

Officers work in partnership with a number of Housing and Strategic Groups across the County, to ensure the Council remains up to date with the latest legislation, good policy and practice, and innovation; helping to inform the Council's emerging Housing Strategy. These groups include:-

- Carlisle Partnership (including the Carlisle Housing Partnership subgroup, attended by the Economy, Enterprise & Housing Portfolio Holder);
- Cumbria Housing Group – supported by two main subgroups: Housing Supply Group and Housing and Wellbeing Group;
- Cumbria Local Authority/ Housing Association Partnership;
- Cumbria LEP (Local Economic Partnership) – it is anticipated that the review and rebranding of the LEP's Strategic Economic Plan (SEP) will deliver a stronger focus on Housing.

These groups include a range of public and private sector representatives, including developers, housing associations, Homes England, local lenders, and local authority Housing & Planning officers.

### **3. HOUSING MARKET CONTEXT**

#### **3.1 Affordable Housing Need**

‘Affordable housing’ defines specific tenures aimed at assisting people who are unable to meet their housing needs on the open market, due to affordability.

The two main categories of affordable housing are:-

- Social rent/ affordable rent (usually through a Housing Association);
- Low cost home ownership (also known as ‘intermediate’ affordable housing) – this includes tenures such as discounted sale; shared ownership; and shared equity.

Carlisle’s most recent SHMA (Strategic Housing Market Assessment) from September 2014 identified a need for 295 affordable homes per annum over the five-year period of the assessment. The headline findings in respect of housing need by tenure and property type were:-

##### **Tenure:-**

- 70% affordable or social rent;
- 30% intermediate affordable housing.

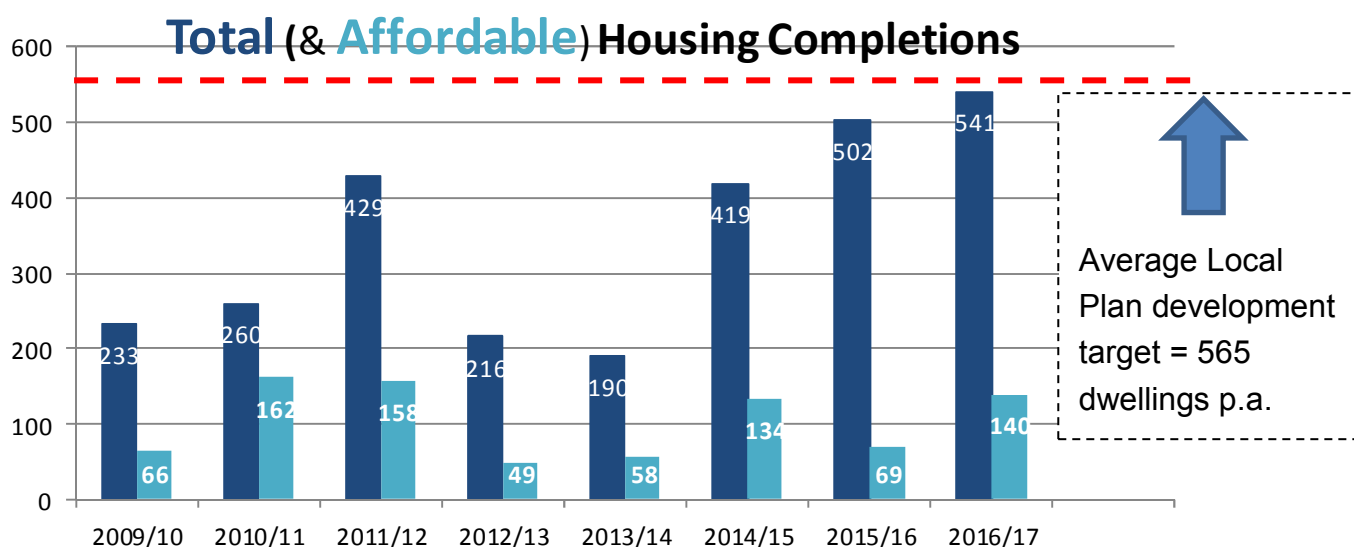
##### **Property Type:-**

- 70% 1-2 bed properties;
- 30% 3/3+ bed properties.

#### **3.2 Market and Affordable Housing Completions**

Figure 2 (below) shows total completions and affordable completions over the period 2009-10 and 2016-17.

**Figure 2: Total and Affordable Completions**



The graph above demonstrates the significant increase in housing completions since the local housing industry has recovered from the “credit crunch” – with net completions rising to 541 in 2016/17 (almost 96% of the Local Plan target of 565 dwellings per annum – which includes aspirations for economic growth). The Local Plan has played an integral part in this increase, which is founded on development of allocated sites. Affordable completions show more of a fluctuation, linked to variations in the annualised level of grant funded completions (which is the largest funding mechanism for social/ affordable rented housing) but were the highest for five years in 2016/17.

Figure 3, below, provides additional context on the annual level of affordable housing completions, broken down by tenure, and shown as a percentage of total completions.

**Figure 3: Affordable Housing Completions by Tenure**

Year	Social/ Affordable Rent	Low Cost Home Ownership	Total Affordable	Total Completions	Affordable %age
2009-10	15	51	66	233	28%
2010-11	125	37	162	260	62%
2011-12	117	**41	158	429	37%
2012-13	26	23	49	216	23%
2013-14	37	21	58	190	31%
2014-15	100	34	134	419	32%
2015-16	27	42	69	502	13%
2016-17	<u>111</u>	<u>29</u>	<u>140</u>	<u>541</u>	26%

Total	558	278	836		2790	30%
Average Annual completions	70 (67%)	35 (33%)	105			

The average delivery of affordable housing over this eight-year period equates to 30% of overall completions. The average number of affordable completions by tenure is 67% rent and 33% intermediate housing, so very close to the SHMA target of 70% rent and 30% intermediate. In some years the level of affordable housing has been enhanced by the provision of discounted Council land – although this is obviously a finite resource.

The 558 homes delivered for social/ affordable rent were funded as follows:-

- 431 – grant funded (including 15 Gypsy & Traveller pitches);
- 114 – Section 106 (planning gain);
- 9 – Recycled Capital Grant Funding (RCGF);
- 4 – Nil grant.

### 3.3 Housing Affordability Ratios

The following table, Figure 4, shows the income to property type multipliers for mean (average), median (typical) and lower quartile (relating to the lowest 25% of household incomes and property prices) across Carlisle District. Comparative figures have been included for Cumbria and Great Britain.

**Figure 4: Affordability Ratios (2017)**

Area	Mean			Median			Lower Quartile		
	Income (£)	Property Value (£)	x	Income (£)	Property Value (£)	x	Income (£)	Property Value (£)	x
Carlisle	32,571	148,359	4.6	26,418	125,661	4.8	14,782	89,154	6.0
Cumbria	34,104	180,888	5.3	27,633	150,160	5.4	15,459	95,984	6.2
GB	38,858	289,612	7.5	30,921	202,322	6.5	17,009	125,409	7.4

(Source: CACI Streetvalue & Paycheck Data, 2017)

The above table demonstrates that although property prices are relatively less expensive in Carlisle than the Cumbria or Great Britain averages, the affordability gap in Carlisle is much greater for people on lower incomes, based on the lower

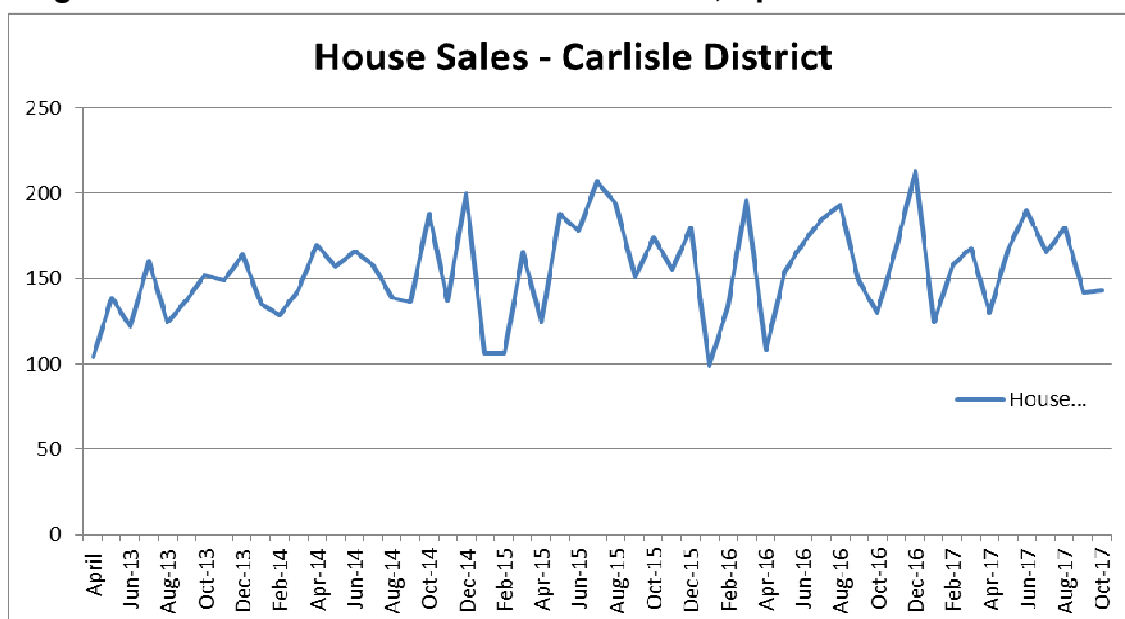


quartile data (6.0 x). The maximum income multiplier allowed through the Council's Low Cost Housing (discounted sale) policy is 4.5 x, as this is consistent with the Government's 'Help to Buy' scheme, to encourage responsible borrowing and reduce the risk of people getting into mortgage arrears.

### 3.4 Overall Market Sales

The graph below, Figure 5, demonstrates that sales of both existing and new homes have remained relatively consistent since April 2013, with an average of 155 sales per month over that period.

**Figure 5: Total House Sales – Carlisle District, April 2013 – October 2017**



(Source: Land Registry data)

### 3.5 Empty Properties

The Council employs a full-time Empty Property Officer, as part of its commitment to enhance housing supply through bringing empty homes back into use. Figure 6, below, is based on data provided by Council Tax, showing the no. of long-term empty properties (i.e. properties empty for at least six months) as at February 2018.

**Figure 6: Homes in Carlisle Empty for at least Six Months**

Empty Homes	Total
Empty uninhabitable / major works	67
Empty unoccupied & unfurnished	554
Flood discount	49
Long term empty (Class C) over 6 months	528
Long term empty (Premium) over 2 years (150% Council Tax payable)	<u>251</u>
<b>Total</b>	<b>1,449</b>

The total number of long-term empty dwellings: 1,449, equates to just under 2.78% of the total housing stock in Carlisle District: 52,102 (based on Council Tax records). The Council Tax section has advised that this figure does not usually fluctuate very much; although there was obviously an increase following Storm Desmond. This compares to an average of 3.38% across the North West, and 2.54% for England (based on a 2016 report by the Empty Homes charity).

#### **4. HOUSING ASSOCIATION UPDATES**

Local Housing Association partners will contribute to the debate; highlighting current issues affecting their organisations, and the wider housing market – as well as development opportunities, including St Cuthbert's Garden Village.

##### **4.1 Riverside**

An update will be provided from Julie Gray, Riverside's Head of Development, focussing on the points below:-

- Demonstration Project site, Harraby, including working with students from Carlisle College, to provide training opportunities;
- Recent and pipeline Section 106 schemes in Carlisle;
- Development opportunities in Carlisle / Homes England funding etc.;
- Future opportunities for working with the Council;
- Impact Housing Association takeover/ merger – (please note some of the details are still confidential).

##### **4.2 Castles & Coasts**

Rob Brittain, Property Services Director with Castles and Coasts, will deliver an update on the following:-

- Castles and Coasts merger (Two Castles and Derwent and Solway);

- Castles and Coasts Development Strategy;
- Responding to compliance risks - e.g. Fire and Flood Response Strategy Delivery of Repairs and maintenance services;
- Efficiencies Business Transformation Strategy - use of digital methods for service delivery;

### **4.3 Home Group**

Home Group's Head of Development and Delivery, Elsa Brailey, will provide an update on the following areas:-

- Home Group's growth aspirations for Carlisle – including updates on current housing projects at Borland Avenue, Kingmoor Road, and Burgh Road;
- Home Group's new housing delivery models - including the modular homes pilot and Home's sales brand: '*Persona*';
- Home Group's supported housing new models of care.

### **4.4 Impact**

Impact Housing Association have confirmed that a Senior Manager (to be confirmed prior to the meeting) will attend to provide clarity regarding their relationship with Riverside, moving forward, and forthcoming tenant consultation.

## **5. CONSULTATION**

**5.1** Early consultation on the direction of the Housing Strategy is being undertaken through Scrutiny, involving local Housing Associations.

**5.2** The draft Housing Strategy will be subject to external consultation, and Officers will also continue to liaise with the EGSP Chair regarding further Scrutiny to add value.

## **6. CONCLUSION AND REASONS FOR RECOMMENDATIONS**

**6.1** This session has been designed to provide the Panel with the opportunity to engage with local Housing Association representatives, in order to help facilitate suggestions from the Panel to inform the direction of the emerging Housing Strategy.

## **7. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES**

**7.1** Address current and future housing needs to protect and improve residents' quality of life.

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**Appendices                Appendix 1 – Economic Benefits of Development Infographic  
attached to report:**

**CORPORATE IMPLICATIONS/RISKS:**

**Community Services -**

**Corporate Support and Resources –**

**Economic Development –**

**Governance and Regulatory Services –**

## Appendix 1 – Economic Benefits of Development Infographic

### EVALUATE HOUSING

 **9,000**  
New Homes

 **2,250**  
**Affordable housing**  
Up to 2,250 Affordable Homes  
[based upon 25% affordable  
housing requirement]

## THE ECONOMIC BENEFITS OF DELIVERING New Homes in Carlisle over 15 Years

Up to 9,000 new homes offers the opportunity to sustain and enhance economic performance, and respond to meeting Carlisle's future housing needs.

### 01 CONSTRUCTION IMPACTS

 **1,046 Jobs**  
**Direct Employment**  
[estimated to create 1,046 FTE construction  
employment over the 15 year period of the  
plan]

 **1,579 Jobs**  
**Indirect/Induced Employment**  
[1,579 FTE 'spin-off' jobs could be  
supported in the supply chain per year of  
construction]

 **84**  
**FTE Apprenticeships**  
[based on general  
industry standard]

**£891m**

**Investment**  
[minimum investment in  
construction at 2014 prices]

 **£147 million**  
**Economic Output (GVA)**  
[expected additional GVA from  
direct and indirect jobs equivalent  
to £9.8 million per annum]

### 02 EXPENDITURE IMPACTS

**£45m**  
  
**First Occupation Expenditure** on goods and  
services to make a house 'feel like home', a proportion  
of which would be captured locally

 **£168m**  
**Total Gross Resident Expenditure**  
generated from new residents to the  
area [per annum]

 **553 Jobs**  
**Indirect/Induced Employment**  
[553 FTE jobs supported in the  
supply chain]

### 03 LOCAL AUTHORITY REVENUE IMPACTS

 **£68m**  
**New Homes Bonus Payments**  
to LPA

**£8.5m**  
  
**Additional Council Tax**  
**Revenues** [per annum]

**Local Contributions**  
[£108/equivalent contributions made  
for sports and community facilities,  
local transport, education and the arts]

