



Economic Growth Scrutiny Panel

Meeting Date: 21 October 2021
Portfolio: Economic Development
Key Decision: No
Within Policy and Budget Framework: Yes
Public / Private: Public

Title: Housing Delivery and Partnerships
Report of: ED.35/21
Report Number: Corporate Director of Economic Development

Purpose / Summary:

This report provides an update on the delivery of market and affordable housing, relative to identified housing need and targets, alongside emerging strategies and legislation. It should be noted that Covid-19 inevitably impacted on housing delivery levels during 2020-21. An update has also been provided on housing strategies, partnerships, and joint working initiatives across Carlisle and Cumbria.

Recommendations:

The Panel are requested to note the key findings relating to housing need and delivery for 2020-21 and scrutinise the effectiveness of existing and emerging strategies and partnerships in supporting identified housing need.

Tracking

Executive:	
Scrutiny:	
Council:	

BACKGROUND

1. BACKGROUND

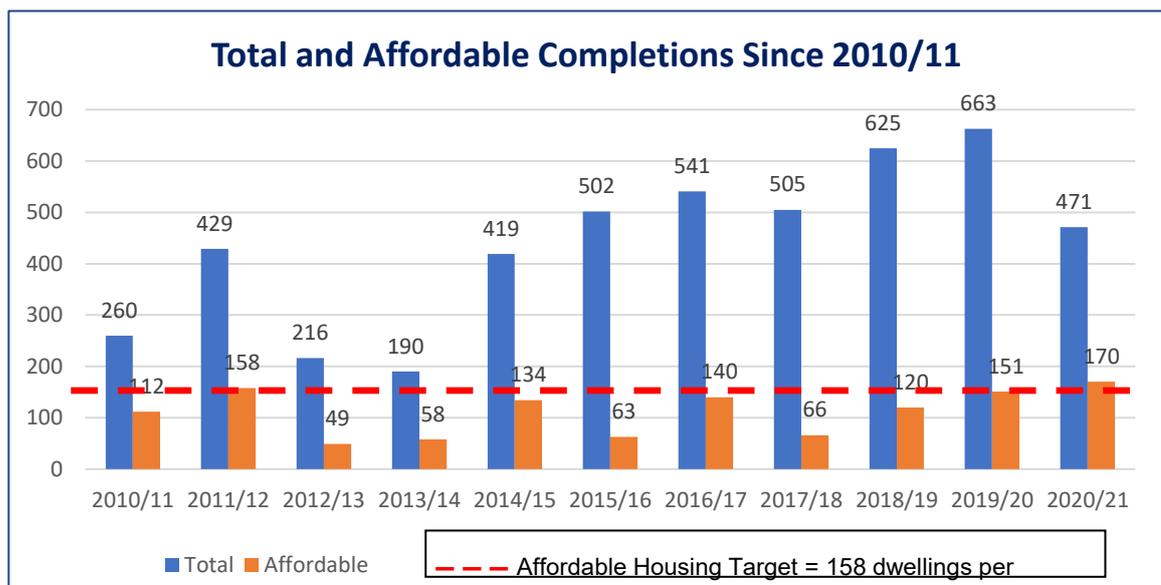
1.1 This report provides an update on housing delivery (including affordable housing) as well as the progress of housing-related strategies and partnerships since the last EGSP update on 1 October (report ED 34/20).

2. HOUSING DELIVERY (MARKET & AFFORDABLE)

2.1 Annual Market and Affordable Housing Delivery

The graph below (*Figure 1*) demonstrates the significant increase in the overall number of housing completions in Carlisle District since the local housebuilding industry recovered from the “credit crunch”; with net completions in excess of 500 homes in each of the four financial years prior to the last year. Completions for 2020-21 were inevitably lower, totalling 471, due to the impact of Covid-19 (with sites being stalled, estate agents closed, and restrictions on people moving-house during the first wave of the pandemic) compounded by delays linked to shortages of some building materials, post-BREXIT. Completions reached a record 663 in 2019/20, and it is anticipated delivery levels will begin to return to pre-Covid levels now restrictions have been relaxed, as property prices have remained buoyant despite the pandemic (the latest median property price in Carlisle being £163,526, over 4% up on 2020 median prices, based on *CACI Streetvalue* data provided by Cumbria County Council).

Figure 1: Carlisle’s Total and Affordable Completions



Affordable completions have averaged approximately 130 dwellings per annum over the last five years, and 160 over the last two years, compared to an annual delivery target in Carlisle's latest SHMA (Strategic Housing Market Assessment) covering the five years from 2019-24 of 158 affordable homes. (An analysis of the key findings of the SHMA was included in report ED.25/19 'Housing Need, Delivery & Strategy' presented to EGSP on 5 September 2019.)

The variance in the level of annualised affordable figures demonstrates that there is only a limited correlation between the number of total and affordable completions. Although increased levels of overall completions should lead to a parallel increase in the number of affordable units delivered through Section 106 planning obligations, this would not apply to the significant number of residential completions on smaller sites below the threshold where onsite affordable housing is required in the Council's Local Plan policy, particularly in rural areas. The affordable completions for 2020-21 included 33 rural properties.

The planning system alone would not be able to deliver enough affordable homes to meet the level of need identified in the SHMA, and the Council supports local Housing Associations in bringing forward new 100% affordable schemes, supported by grant through Homes England's Affordable Homes Programme, towards meeting the shortfall. The effect of this is that affordable completions can vary significantly from year to year, which means grant-funded completions tend to be more cyclical, linked to funding programmes, rather than following an annual pattern. For example, the significantly lower level of affordable completions in some years (most recently 2017-18) reflects that there will have been few, if any, grant-funded schemes in those years.

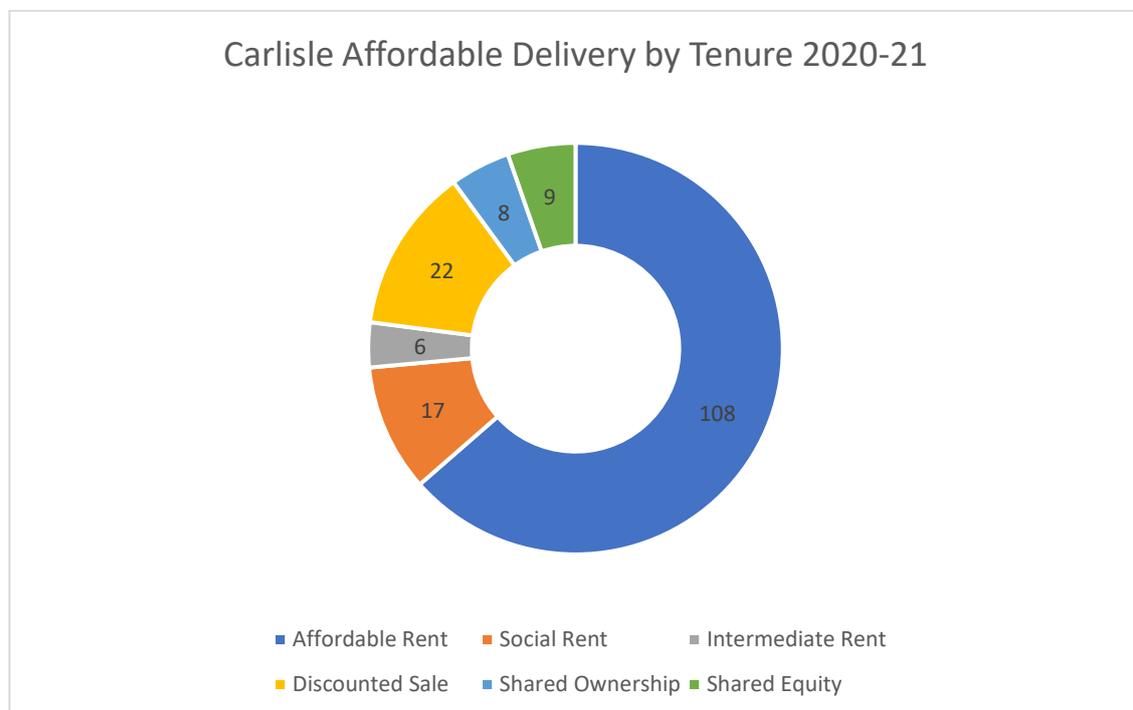
Making local authority (or other public sector) land available for affordable housing can make a significant difference to the number of affordable completions. For instance, the graph demonstrates that a significant number of affordable homes were delivered in 2010/11 and 2011/12. This was partly due to discounted land made available for affordable and specialist housing at Heysham Gardens Extra Care scheme (60 units, over two-thirds affordable); Heysham Drive (29 affordable units); and Irthing Close, Brampton (21 affordable units). Similarly, the above average affordable completions in 2014/15 included 37 new homes built at Raffles on land made available by the Council. In the latest year, the 170 affordable completions for 2020/21 include 50 homes built by Riverside on land made available for affordable homes through the Council's most recent affordable homes initiative - the "Demonstration Project" at Beverly Rise, Harraby - including practical onsite training opportunities for students from Carlisle College. All of these affordable schemes, made possible by the provision of Council land at prices affordable to local Housing Associations, have also made a significant contribution to the total completions in those years.

The Council’s Planning Policy team have worked proactively to encourage a wider range of developers to build in Carlisle – the “*Help us Build our Growing City*” prospectus was designed as a promotional vehicle to increase delivery across the District – the document was refreshed in 2020 to ensure it remains fit for purpose, including updates on St Cuthbert’s Garden Village.

2.2 Affordable Housing by Tenure

The table below sets out the breakdown of the 170 affordable homes delivered in Carlisle in 2020-21 by tenure.

Figure 2: Affordable Housing Delivery by Tenure



The 170 affordable homes included in the table above comprise 131 rental units (77%) and 39 low-cost home ownership units (23%). A concise definition of each tenure is set out in the table below.

<u>Affordable Completions by Tenure</u>	
<u>Rental Units (131 homes)</u>	Total
Affordable Rent: up to 80% of a market rent (including service charges) – Housing Association tenure	108

Social Rent: linked to the Government's 'target rent' regime – Housing Association tenure (there is relatively little difference between Affordable and Social Rents in Carlisle)	17
Intermediate Rent: 80% of a market rent but usually managed by private sector developer/landlords	6
<u>Low-Cost Home Ownership (39 homes)</u>	
Discounted Sale: Council managed scheme – properties are bought and sold at 70% of market value in perpetuity	22
Shared Ownership: part-rent/ part-buy – can be through a Housing Association or investment backed providers such as 'Heylo'	8
Shared Equity: the owner retains a share of the equity (typically 20%)	<u>9</u>
	170

The 2019 SHMA recommended an affordable tenure split of 60% rent and 40% low-cost home ownership. Delivery for 2020-21 is more weighted towards affordable rental homes; however, this is not an immediate concern, as there is always demand for quality Housing Association homes to rent, and this needs to be monitored over a longer period.

2.3 First Homes

First Homes, the Government's new preferred discounted market sale product, was introduced in June 2021. Key elements of the new policy are summarised below:-

- Prioritised for first-time buyers
- Discount applies in perpetuity
- Should account for 25% of affordable housing required through planning obligations
- Minimum Discount – 30%
- Initial discounted sale – max £250k (outside London)
- Maximum household income - £80k (outside London)
- Mortgage required – minimum 50% of discounted value
- Should be 'indistinguishable' from neighbouring market homes in terms of quality and size
- Developers should obtain a *RICS* (Royal Institute of Chartered Surveyors) red-book valuation from an independent valuer

The new *First Homes* policy requirement does not apply for the following:-

- Sites with Full or Outline planning permissions already in place or determined (or where a right to appeal against non-determination has arisen) before 28 December 2021

- Applications for full or outline planning permission where there has been significant pre-application engagement which are determined before 28 March 2022.

There will be a requirement for 7.5% First Homes in Carlisle in Affordable Housing Zones A & C (being 25% of the 30% affordable housing requirement) and 5% First Homes in Affordable Housing Zone B (being 25% of the 20% affordable requirement).

Local Planning Authorities will have the ability to draw up their own policies regarding price caps; discount levels; prioritising key workers; and local connection. Senior planners at Carlisle consider *First Homes* can, in principle, be incorporated within existing Local Plan policies; however, this will be kept under review, as the first schemes come through, in case a supplementary policy is required to ensure *First Homes* is delivering on the Council's affordable housing objectives.

One area where *First Homes* is less flexible than the Council's existing discounted sale scheme is that people who are not first-time buyers would be ineligible. The Council has been able to help many people get back on the housing ladder, often following a divorce or relationship breakdown, through its inhouse low-cost housing scheme.

3. HOUSING STRATEGIES AND PARTNERSHIPS

3.1 Carlisle Economic Strategy

Housing is a key element of the Carlisle Economic Strategy, approved by Council on 14 September (pursuant to report no. ED.34/21). Housing is key to supporting economic growth, through delivering sustainable, environmentally-friendly homes to meet the needs of a skilled working-age population, linked to strategic developments sites, such as St Cuthbert's Garden Village and Caldew Riverside.

A summary of the Economic Strategy's Housing policy and key actions (6.8 Objective 1) is provided below:-

6.8 Objective 1- Driving Housing and Population Growth:

6.8.1 - A strategy of driving housing and population growth will address the shift in the age distribution of the population and increase the working-age population in the District. This will support economic growth by creating an available and skilled

labour force and reducing the number of people reliant on key services including health and social care.

6.8.2 - It is imperative that this growth is delivered in a way that is clean, inclusive and sustainable. Therefore, careful consideration must be given to the climate change credentials of new developments and ensure that efforts to maximise energy efficiencies and reduce carbon footprints have been made.

6.8.3 - This strategy will enable Carlisle to continue to fulfil its important role as the as the city of the county and the wider Borderlands region.

Key Actions

1. Production a Local Plan for St Cuthbert's Garden Village – Develop and adopt the Local Plan that will provide the planning framework to support the planned delivery of 10,000 new homes and over 9,000 jobs to the south of city.

2. Review of the Carlisle Local Plan – undertake a review of the Local Plan, which was adopted in 2015, to ensure an adequate supply of deliverable housing and employment land.

3. Remediation of the Caldew Riverside site – Undertake detailed site investigation works and remediation of the site to enable the delivery a city centre living scheme to increase the city centre population to be progressed.

4. Development and delivery of the first phase of 'Start with the Park' – Develop and deliver the project to improve cycling and walking connectivity to the Garden Village and the creation green infrastructure for the communities of Carlisle and future residents of the Garden Village.

3.2 Strategic Housing Partnerships

City Council Officers are involved in a range of strategic housing partnership groups, a number of which are also attended by the Portfolio Holder for Economy, Enterprise and Housing.

The most prominent groups are:-

- Carlisle Housing Partnership – a subgroup of the Carlisle Partnership
- Cumbria Housing Group – a Member-led group with two main Officer-led subgroups:
 - Housing Supply Group (a multi-agency partnership around housing delivery)
 - Cumbria Strategic Housing, Homeless and Wellbeing Group
- Carlisle Liaison Group – with Riverside; a replacement for the former Divisional Board (this group includes wider Member representation)
- Zero Carbon Cumbria Partnership Housing Group
- Cumbria Local Authority/ Registered Provider Forum – with our main Housing Association partners
- Cumbria Extra Care Housing Forum.

A more detailed review of the work of Housing partnerships across Carlisle and Cumbria was provided in report ED.34/20 'Housing Need, Delivery & Strategy', which was presented to EGSP on 1 October 2020.

3.3 Cumbria Housing Development Strategy

Cumbria LEP's Housing Development Strategy was signed-off in October 2020 (a detailed summary of the final draft report was included in EGSP report ED.34/20, 1 October 2020). Following the adoption of the Strategy (prepared by planning consultant, Lichfields) a 'task & finish' group was established through the Cumbria Housing Supply Group to look at how we could work with the LEP to best deliver the Strategy Action Plan.

An opportunity has since arisen to join forces with Cumbria House Builders Group to provide a tripartite report to the Member-led Cumbria Housing Group on 7 October, with a recommendation that this is then forwarded to the Cumbria Chief Executives Group, following positive discussions with Allerdale's Chief Executive, who currently leads on housing in Cumbria.

The report includes:-

- Recommendations from the development sector on how to resolve blockages to delivery alongside opportunities to speed up the planning system;
- An offer from the Cumbria House Builders Group to provide training and briefings for Members and Officers;

- A recommendation that Housing Officers across the County are supported in beginning work to identify opportunities to enhance housing delivery under the two new Unitary Authorities.
- A list of those actions recommended by Lichfields, where it is considered they are not currently being delivered, which would benefit from increased resources.

A verbal progress update can be provided at the 21 October EGSP meeting.

3.4 Brampton Affordable/ Empty Homes Initiative

A positive new partnership initiative has recently been established with Brampton Rural Housing Society, reflecting the Council's commitment to rural affordable housing. Executive approved a proposal on 2 August to use some of the Council's affordable housing "commuted sum" funding (financial contributions provided by developers through planning obligations – usually on smaller schemes) to provide grants to Brampton Rural Housing Society towards bringing empty properties back into use to be let as affordable rented homes in Brampton and Hallbankgate. A significant amount of the affordable housing commuted sum funding (currently in excess of £600,000) held by the Council relates to the Rural Carlisle East Housing Market Area and could support the delivery of approximately ten affordable homes, as well as the simultaneous benefit of bringing long-term empty properties (which can be a blight on local communities) back into use.

4. RISKS

- 4.1** The key findings from all of the strategic documents and evidence bases summarised in this report (as well as earlier EGSP Housing updates referenced in this report) such as the Carlisle Economic Strategy; Cumbria Housing Statement; Cumbria LEP's Housing Delivery Strategy for Cumbria; as well as market and affordable completions data (2020-21) provide important and valuable evidence, which will help to inform the Council's decision-making in respect of strategic housing and economic matters. Keeping this research up to date provides the Council with a fit for purpose evidence base, which will mitigate against the risk of working with outdated information and data, ensuring that future strategies are relevant and clear in their intended objectives.

5. CONSULTATION

- 5.1** All of the strategic housing documents detailed in this report have been consulted upon with a wide range of stakeholders and the housing partnerships involve partners from a range of organisations.

