KENNET DISTRICT COUNCIL

COUNCIL MEETING - 24th OCTOBER 2006

THE PROVISION OF AFFORDABLE HOUSING

Report by the Director of Community Services

1.0 PURPOSE OF REPORT

To present background information to inform the debate by the full Council

2.0 LEGAL, FINANCIAL, RISK AND STAFFING IMPLICATIONS

The continued provision of capital grants to housing associations at £500,000 per annum reduces the Council's capital reserves by that amount. That in turn reduces the amount the Council has to invest and reduces investment income by some £25,000 per annum at a time when the Council's overall revenue budget is under severe pressure.

3.0 INTRODUCTION

3.1 The Council's constitution provides that there will be a debate in full Council each year on an issue of major significance for the district.

3.2 The topic of affordable housing provision has been selected as there have been major changes in the external environment affecting performance in this area, together with a need to review and possibly reshape the Council's policies.

3.3 The Council's Corporate Strategy 2004-2008 identifies the provision of more affordable housing at a rate of at least 100 per annum as one of its key priorities.

4.0 BACKGROUND

4.1 <u>What are our responsibilities as a Council?</u>

4.1.1 The Council has long had a general duty to identify and meet housing needs within its district. This has been more sharply focused by the Local Government Act 2003, which established a duty on district councils to take a strategic overview of their local housing markets.

More specifically councils are required to:

- Assess the Housing Needs of their district on a regular basis.
- Maintain a register of those in housing need and wanting housing in the District.
- Discharge rehousing duties towards homeless households, overcrowded households and displaced agricultural workers.

- Prepare a Local Development Framework in consultation with local communities that sets out Planning and Land Use Policies, including the provision of new affordable housing in accordance with government planning guidance.
- Assist the government in meeting its Sustainable Communities Plan as expressed through the Regional Housing Strategy and the Regional Spatial Strategy.

4.2 How have we been doing?

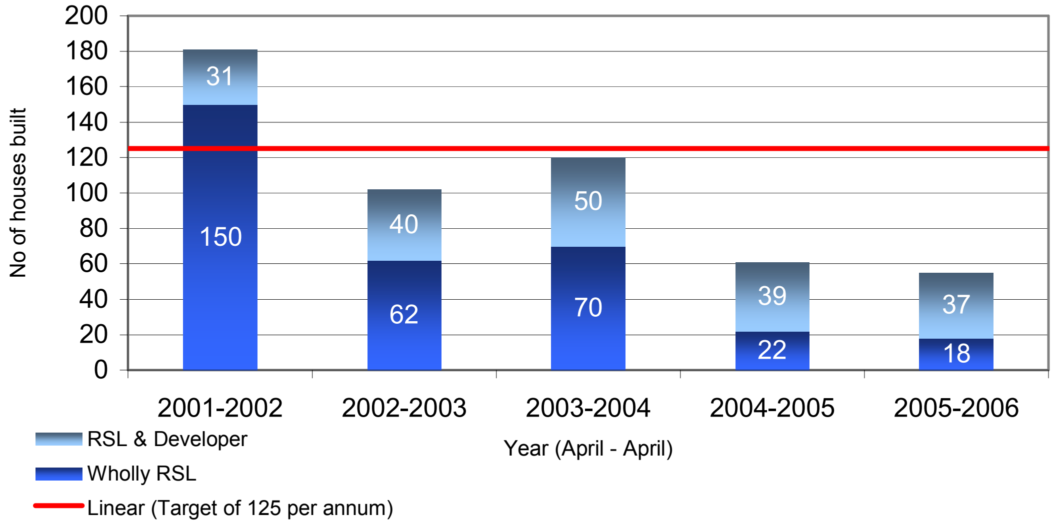
4.2.1 Kennet has a longstanding record of working effectively with its housing association (RSL) partners to enable new affordable provision. Since 1992 over 1600 affordable homes provided – an average of 116 each year. A number of factors have been important in achieving this:

- Extensive use of surplus council land during the early 1990s.
- Council investment via Local Authority Social Housing Grant (LASHG)/transitional funding following large scale voluntary transfer of housing stock in 1995 - £31 million in total.
- Determined use of planning policy within the constraints of government guidance to negotiate Section 106 contributions from developers and secure exceptions sites. (See Appendix 4 for a Summary)
- Pursuing a range of opportunities including previously developed land and existing property – 66% of the total since 2000.
- Securing Housing Corporation funding allocations in the District.
- Encouraging housing associations to invest their own land and recycle financial resources where possible.

4.2.2 Since 2004 affordable completions have slowed considerably with only 118 homes provided in the last two years. The main reasons for this are:

- The ending of LASHG with effect from April 2003 (subject to transitional funding for pipeline schemes) greatly reducing the amount of subsidy available to fund new RSL proposals.
- Slow delivery of large housing sites allocated through the planning system following the adoption of the Kennet Local Plan 2011 in April 2004
- Limited opportunities for RSLs to buy property on the open market.

Figure 8: Affordable Housing Completions



	Total new housing	%	Affordable housing	%
2001	380	53	181	47
2002	277	64	102	36
2003	338	65	120	35
2004	342	83	61	17
2005	313	83	55	17

4.2.3 In spite of this recent downturn medium term prospects are reasonable and there are grounds for optimism because:

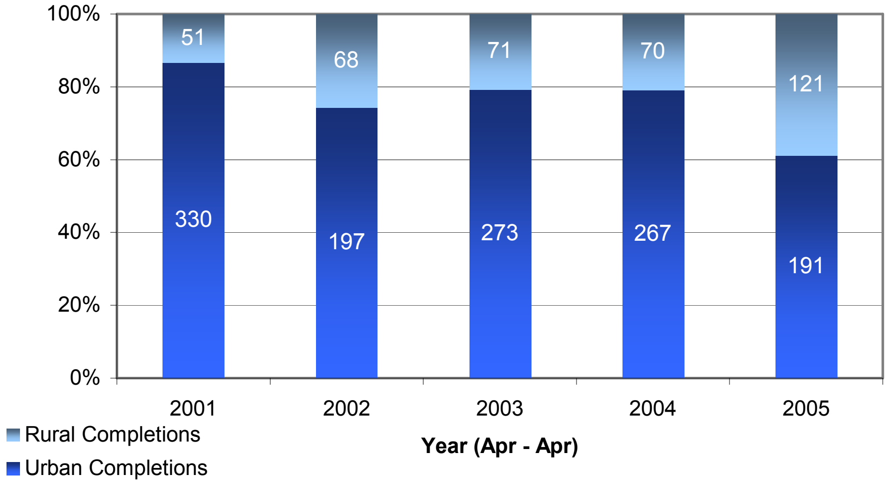
- There is now a healthy pipeline of large schemes in progress which soon begin to raise the level of affordable completions. 187 homes are currently on site with a further 250 expected to start during 2007.
- Housing Corporation SHG funding of over £3 million has been allocated for 2006/2008 in conjunction with the Council's pledge of £1million.
- In several instances RSLs are finding ways to deliver affordable provision within mixed tenure schemes without SHG subsidy.
- Draft Planning Policy Statement 3 (PPS3) suggests that new government guidance (expected soon) should help rather than hinder the negotiation of Section 106 agreements.

4.2.4 There are however further issues we will need to consider in reviewing our policies covering future affordable provision:

- What is the right balance between social rented provision and 'intermediate' provision such as homebuy (formerly shared ownership)? – the programme is currently delivering a 50% 50% split.
- What size and type of affordable homes are needed to meet priority needs – should more emphasis be given to family houses?

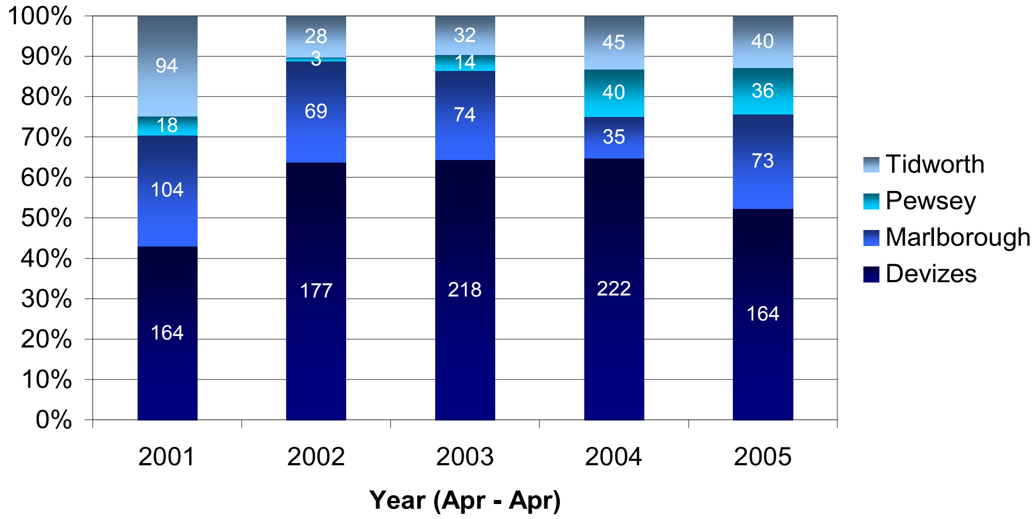
- Can the distribution of new provision between community areas be changed? – since 2000 the split has been Devizes 56%, Marlborough 12%, Tidworth 29% and Pewsey 3%.
- How successful are current policies on integration of affordable and open market housing?

Urban / Rural Completions (Gross)



The above graph shows that until 2005, new development was biased towards urban locations.

Distribution of New Houses (Community Area / Gross)



This table illustrates the fact that there has not been an even distribution of new development across Community Areas

4.3 How do we compare with others?

4.3.1 Kennet is a largely rural district with a small population and only moderate housing growth targets under the old Structure Plan model.

4.3.2 In this context the Council has been extremely effective over the last fifteen years, both in terms of achieving its overall growth targets and also in ensuring that a reasonable proportion of the local housing stock remained affordable to local people on below average incomes.

- The Council has received praise from Planning Inspectors, The Housing Corporation and the regional Government Office for its pragmatism and effectiveness.
- The Council was short-listed in 2004 for the Affordable Housing Theme of the Beacon Council scheme, which aims to identify those councils with the best practise in a given policy area.
- The Affordable Rural Housing Commission invited the Council to make a presentation, in recognition of its track record in securing housing in rural areas.
- The Council has adopted challenging requirements on developers to contribute land for affordable housing which have been successfully implemented creating new affordable housing on major development sites across the district. This reflects effective corporate working across departments, in line with good practise as identified by the Royal Town Planning Institute and the Local Government Association.
- The Audit Commission rated the Council as scoring ‘A’ for the Balancing Housing Markets theme in its Comprehensive Performance Assessment (CPA) of the Council.

4.4 What is the current need for affordable housing?

4.4.1 Robust evidence of housing need is essential to make the case for new investment and justify the use of planning policy to secure new provision. In line with government guidance the Council regularly updates its statistical information by means of a sample survey across the District. The latest Housing Need Survey (HNS) was undertaken by Fordham research in 2005 and part of the executive summary is attached as an appendix to this report. Key points from the survey are:

- Average house prices in Kennet rose by 56% between 2000 and 2005 and are 22% above the regional average.
- The net requirement for affordable homes is estimated as 454 each year – an increase of 45% compared with the 2001 survey.
- The community area breakdown of the shortfall ranges from 55 pa for Pewsey, 100pa for Marlborough, 110pa for Devizes and 195pa in Tidworth.
- There is a shortfall in all sizes of affordable housing but most significantly demand for 2 and 3 bedroom homes.
- A small proportion of identified need could theoretically be met by intermediate housing subject to the level of outgoings.

- There is no clear evidence of a particular need for key worker accommodation although potential key worker households comprise 13.7% of total net need.
- Any % target for affordable housing provision would be justified in terms of need and a reduction in site size thresholds should be considered subject to national guidance.

4.4.2 The Swindon Sub-regional Housing Market Assessment (HMA) was carried out this year covering Kennet DC, Swindon BC and North Wiltshire DC. This Study gives an overview of the housing market across all tenures focussing on the pattern of growth anticipated in the Regional Spatial Strategy (RSS) up to 2026. Key points from the HMA are:

- The total annual requirement for affordable housing in the three local authority areas is around 2,100 – roughly equal to the planned level of provision for all tenures and as such cannot realistically be delivered.
- Kennet has the worst problem of housing affordability based on the ratio of lower quartile house prices and incomes – 8.64 for Kennet compared with 6.72 for Swindon.
- Although the bulk of housing growth should take place in Swindon, it may be slow to get going there. Kennet and North Wilts may need to deliver a higher proportion in the early years to ensure RSS targets are met.
- In market towns and larger villages a proportions site quota of up to 50% can be achieved but the allocation of sites could be considered solely for affordable housing.
- Quotas of 50% affordable housing should be achievable in villages and social rented provision is appropriate subject to funding.

4.4.3 The Kennet Housing Register is the most immediate indicator of need for affordable housing in the District and is administered by the Council's homes@kennet team. The current situation is:

- There are currently a total of approximately 3,848 applications registered of which 628 (16%) are seeking a transfer from RSL accommodation.
- Single applicants are the largest group forming 45% of the Register with families forming 36%, couples 16% and adult households 3%.
- During 2005/06 there were 1188 new applicants to the Register and a total of 447 were rehoused of whom 121 (27%) were homeless.
- Under choice based lettings an average of 30 bids were received for every vacancy advertised last year.
- There are 445 applicants included on the home ownership register.

4.5 <u>What are the limits on the Council taking effective action?</u>

4.5.1 The Council's past record of enabling new affordable housing has been good. A number of key factors contributed to this.

- The Council used its land holdings to subsidise development costs.

- The housing stock transfer generated a large pool of useable capital receipts.
- The Council committed over £25million of capital spending from reserves, which was able to be recouped in government subsidy (Local Authority Social Housing Grant – LASHG).

4.5.2 We are now in a position where:

- Council owned land suitable for development is largely used up.
- The ability to give grants as LASHG was abolished in 2003.
- Although the Council retains a significant reserve of capital receipts, the Council's revenue budget is dependent upon the interest generated. As a result, three years ago the Council invested two out of every three pounds spent on grant-aiding housing associations; now that has reduced to one pound in every four.

4.6 New Housing Supply

4.6.1 In addition government policy on growth as expressed through the Regional Spatial Strategy (RSS) is concentrating new development in the Priority Urban Areas (e.g. Swindon and Greater Bristol) and limiting new development in rural areas. This will reduce the overall requirement in terms of new housing land allocations in the district over the next 15 years to an average of 250 per year.

4.6.2 Because the Council has limited land and can only spend modest amounts on capital grants to housing associations, it is more than ever dependent upon the supply of affordable housing as a by-product of the planning system. However, the estimates of future housing needs far outstrip the total supply of new housing allocations being allowed.

4.7 Regionalisation of Policy

4.7.1 Another limitation on the Council's effectiveness is the move towards a more dominant regional housing strategy. With the creation of Regional Housing Planning Bodies, there has been a move away from government distributing capital spending resources by needs formula, towards competitive bidding against regional priorities. The Council may continue to benefit from a regional rural housing programme but the majority of the funding is likely to increasingly follow regional priorities, including focusing resources on Priority Urban Areas.

4.7.2 Councils can no longer work exclusively with a group of trusted local housing associations. The Housing Corporation is investing most of its grant through a small number of large 'Partnering' associations and is now offering grant direct to house builders. This again reduces the Council's ability to directly influence the pattern of subsidised provision.

4.8 What resources can the Council use to promote the development of affordable housing?

4.8.1 In order to achieve the Council Strategic objective of adding at least 100 new affordable homes each year for the foreseeable future it will be necessary to continue with a number of existing policies:

- Maximise the amount of grant available to housing associations through the Housing Corporation. To do this development staff in Housing Services need to be able to foster good relations with the Housing Corporation via, effective communications, and by being able to deliver on promises, being able to add council grants to reduce the amount of Social Housing Grant needed to be paid by the Housing Corporation.
- Maintain a pot of grant money to supplement external sources of finance. The current budget is set at £500,000 per annum. The Council receives government grant of about half that amount to support its housing capital programmes.
- Maintain effective partnerships with the main developing housing associations.
- Use the planning system to deliver affordable housing with minimum or nil grant required.
- Look for ways to promote affordable housing using the investment model developed with the Aster Group, which offsets lost interest with investment income.
- Apply the Council's planning policies consistently to maximise the delivery of affordable housing through 'proportions' sites.

What is the Government's Policy Guidance?

Government guidance is set out in Appendix 3. Essentially this is contained within:

The Regional Spatial Strategy
Planning Guidance (Draft PPS3)
The South West Regional Housing Strategy
The Sustainable Communities Plan

4.9 What is the Public's view of the importance of new housing provision?

4.9.1 Each of the four community area partnerships has identified the need for more affordable housing as a priority.

4.9.2 Around 3,500 households are on the Council's housing register - around one in ten of the Kennet population.

In a recent poll using the People's Voice Survey:

- A third of households said that someone in their household would need an affordable home in the next five years.
- The priority given to housing different household types was:

Young people	87.5%
Lower income families	79.8%
Older People	78.0%
Other Groups	42.6%

- In answer to the question 'How high a priority should Kennet DC give to promoting new affordable housing? Replies were:

High	44.8%
Medium	48.5%
Low	6.8%

- 38% of respondents agreed with the Council using its reserve capital to fund housing; 39% said 'No'.
- 69% were prepared to see more new building in local towns so that more affordable housing could be built.
- 55% agreed that private house builders should provide land for affordable housing at a cost to themselves. 30% said 'No' to this.

4.9.3 In the comments provided on who affordable housing should be provided for there was ample support for meeting the specialist needs of disabled people.

4.9.4 Comments also supported the notion that affordable housing provision should not just cater for those on low incomes. Many comments identified that households with good incomes still needed help in accessing housing that was affordable to them.

5.0 CONCLUSIONS

5.1 The Council has had a good record of enabling new affordable housing over the last fifteen years. Despite this and because of growing problems with the affordability of housing in the District, the need for affordable housing is still growing.

5.2 The Council's ability to directly promote the development of affordable housing has been affected by the abolition of Local Authority Social Housing Grant in 2003 and the fact that is has used up any land holdings suitable for large-scale housing development.

5.3 The main opportunity for the Council looking forwards is to review its planning policies for affordable housing as part of the Local Development Framework. This will need to set the parameters for:

- The size of site which will be required to contribute affordable housing.
- The percentage of the development which must be affordable.
- The relative proportions of affordable renting and low cost home ownership.
- Village exceptions sites and percentages on rural proportions sites.
- Whether there should be different policies in each Community Area to reflect local conditions or a single policy to be applied across the district.
- What size and type of affordable homes are needed to meet priority needs?
- The distribution of new provision between community areas.

5.4 In doing this the Council will need to take full account of the views of its communities and consult with stakeholders, including land owners and house builders, to ensure its proposals are broadly acceptable and workable.

6.0 ISSUES FOR DEBATE

6.1 There are a number of potentially difficult and controversial decisions to be made by the Council in the coming years. It will be important for the next Council Corporate Strategy and the Kennet Community Strategy to clearly state the direction the Council intends to take.

Some of the points of debate are likely to be:

6.2 Kennet is a special place. We want to keep it that way. Part of what makes it special is the character if its towns, villages and landscapes. These make it an attractive place to live, which creates demand for housing fuelling house price inflation. We therefore need new development both to meet demand and provide new affordable housing but large-scale development may be unpopular with the public and impact on the special character of the district. Do we want to press for higher growth targets or accept that affordability ratios are likely to continue to get worse?

6.3 We are dependant upon land-owners and developers bringing forward large sites for development in order to achieve our growth targets and our affordable housing targets. The more onerous the planning gain requirements are, the more reluctant they may be. There has been no shortage of new developments proceeding with the current 50% affordable housing requirement. Would a higher percentage be justifiable? What would be the reaction of developers?

6.4 Current policy makes a distinction between developments in towns and in villages. In towns the site must be for at least 25 homes (or one hectare), or 15 in Marlborough, in villages there is no site size threshold and a development of two dwellings requires one of them to be affordable. This can be justified on the grounds of rural housing needs but is it unfair to land owners?

6.5 The Housing Market Assessment amply illustrates the future pressures on the local housing markets. Without intervention it is likely that affordability ratios will worsen, making it more difficult for those who derive their income from the local economy to purchase housing. Over time this is likely to accelerate the drift of low income households to the towns and away from villages where house prices and rents are high. The Council is committed to achieving mixed and sustainable communities. Does the Council have the tools to overcome powerful market forces or is this process inevitable?

6.6 How successful are our current policies on integration of affordable and open market housing?

7.0 RECOMMENDATION

Members are invited to debate the issues set out in this report.

Background papers:-
None

APPENDICES

1. **Housing Needs Survey (2005) – Executive Summary Fordham Research June 2006**
2. **Housing Association rented stock as a % of total housing stock by parish**
3. **Government Policy Guidance**
4. **Summary of Affordable Housing Policies included in the Kennet Local Plan.**

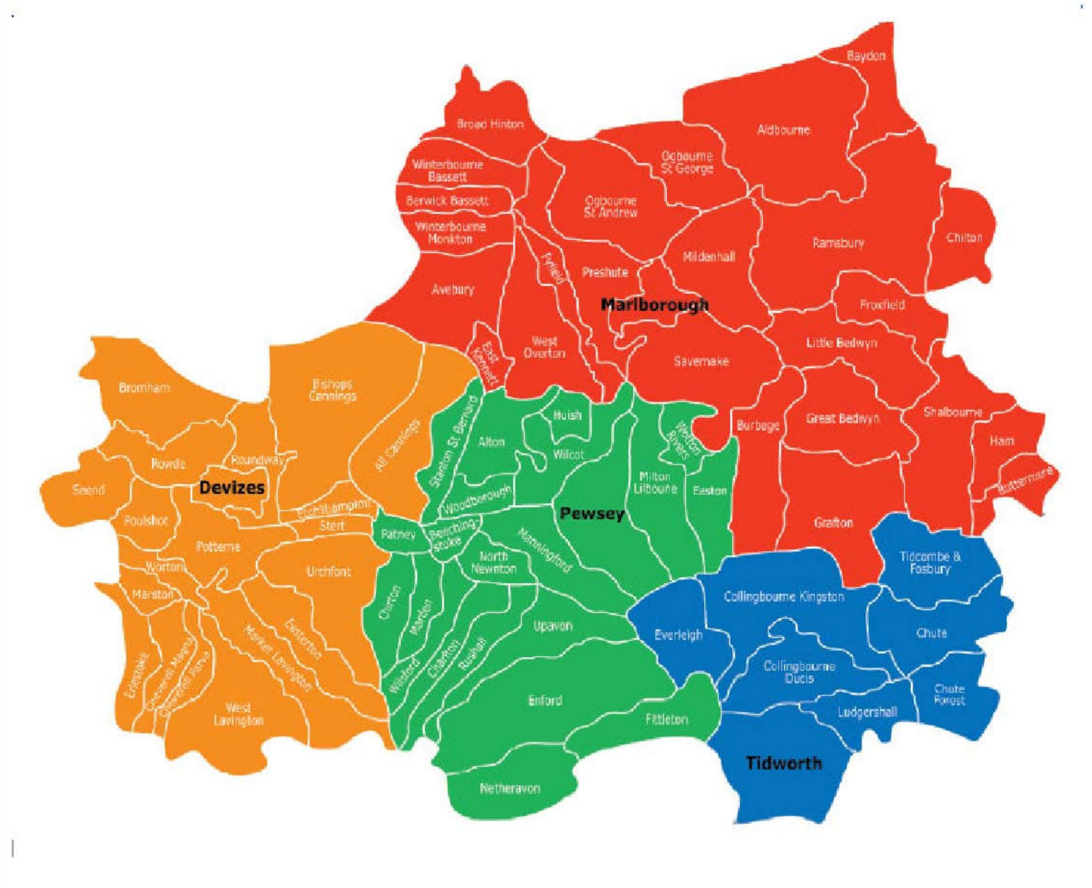
Executive Summary

Context of the Study

Fordham Research were commissioned to carry out a Housing Study for Kennet. The study was designed to assess the future requirements for both affordable and market housing. To do this the study drew on a number of sources of information. These included:

i) A personal interview survey completed with of 684 local households
ii) A additional postal survey with Council tenants that yielded a further 2,491 responses
iii) Interviews with local estate and letting agents
iv) Review of secondary data (including Land Registry, Census and H.I.P. data)

Kennet District Council study area



Source-Kennet District Council

Survey and initial data

A major part of the study process was the completion of the primary data collection via a combination of personal interviews and postal questionnaires with local households. In total 3,175 households took part in the survey. The questionnaire covered a wide range of issues including questions about:

Current housing circumstances
Past moves
Future housing intentions
The requirements of newly forming households
Income levels

Information from the questionnaire survey was used throughout the report (along with secondary information) to make estimates about the future housing requirements in the District.

Overall the survey estimated that 69.3% of households are currently owner-occupiers with around 19.0% living in the social rented sector.

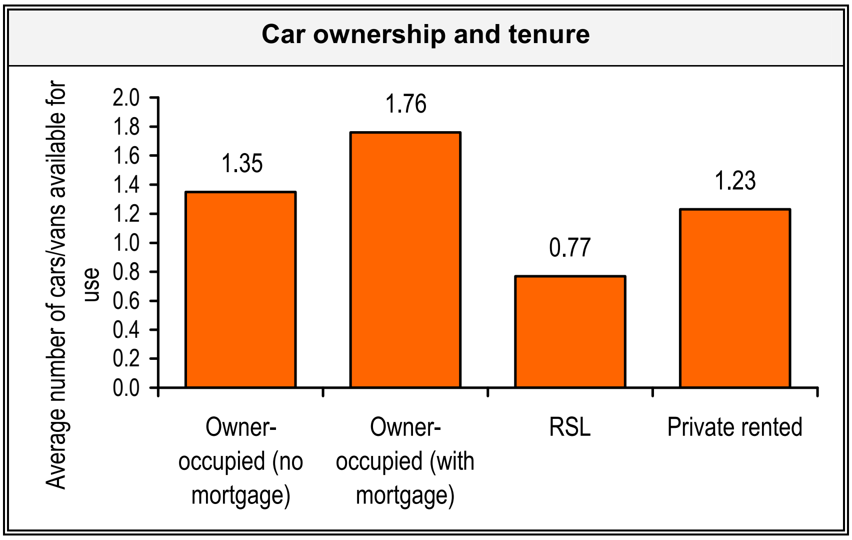
Table 3.1 Number of households in each tenure group

Tenure	Total number of households	% of households	Number of returns	% of returns
Owner-occupied (no mortgage)	9,704	30.9%	1,153	36.3%
Owner-occupied (with mortgage)	12,064	38.4%	1,149	36.2%
RSL	5,970	19.0%	492	15.5%
Private rented	3,708	11.8%	381	12.0%
Total	31,446	100.0%	3,175	100.0%

NB-There are no council-owned properties in Kennet.Source-Kennet Housing Needs Survey 2006

The survey reported on a number of general characteristics of households in Kennet. The study estimated that 89.2% of all households in the District live in houses, and around a quarter of households are solely comprised of pensioners and a further 27.1% of households contain children. The study also looked at car ownership (which is often used as an indication of wealth).

The figure below shows car ownership in the District by tenure. It is clear that there are large differences between the different tenure groups with owner-occupiers (with mortgage) having a significantly greater level of car ownership than households in the social rented sector.



Source-Kennet Housing Needs Survey 2006

The study also looked at past trends in household movement and future expectations. The broad findings were:

An estimated 21.6% of households in Kennet have moved home in the last two years, with just under half of all moves having occurred within the District

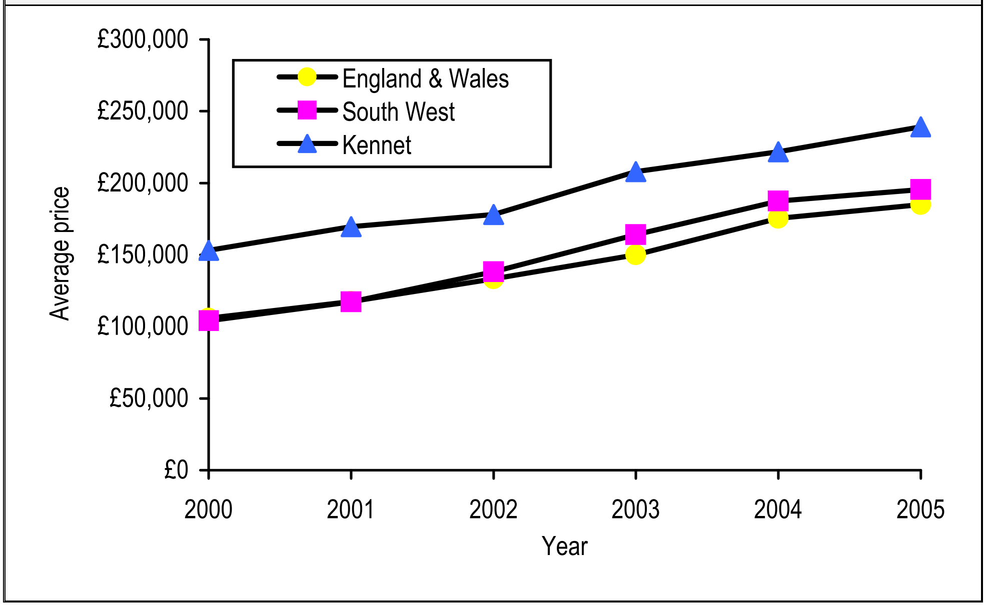
In terms of future household moves, the survey estimates that 4,658 existing and 1,897 potential households need or expect to move within the next two years. In both cases a higher proportion would like to move to owner-occupation than expect to do so

The survey also looked at travel to work patterns. It showed that the largest proportion of households in employment work within the Kennet area, with Devizes the most common place of work within Kennet. Over two-thirds of those in employment travel to work by car and a very small amount use public transport (2.5%).

Finally the survey indicated differences in housing costs between different tenures with the highest costs in the owner occupied (with mortgage) sector and the lowest in the social rented sector. Differences were more marked when housing benefit was removed.

One of the main sources of secondary information was the Land Registry. This data source suggested that property prices in the district are above both national and regional figures. Information from the Land Registry shows that nationally between the 2nd quarter of 2000 and the 2nd quarter of 2005 average property prices in England and Wales rose by 74.6%. For the South West the increase was higher at 87.9%, whilst for Kennet the figure was lower at 56.2%.

Land Registry price changes 2000 –2005 (2nd quarters)



Source -Land Registry (2005)

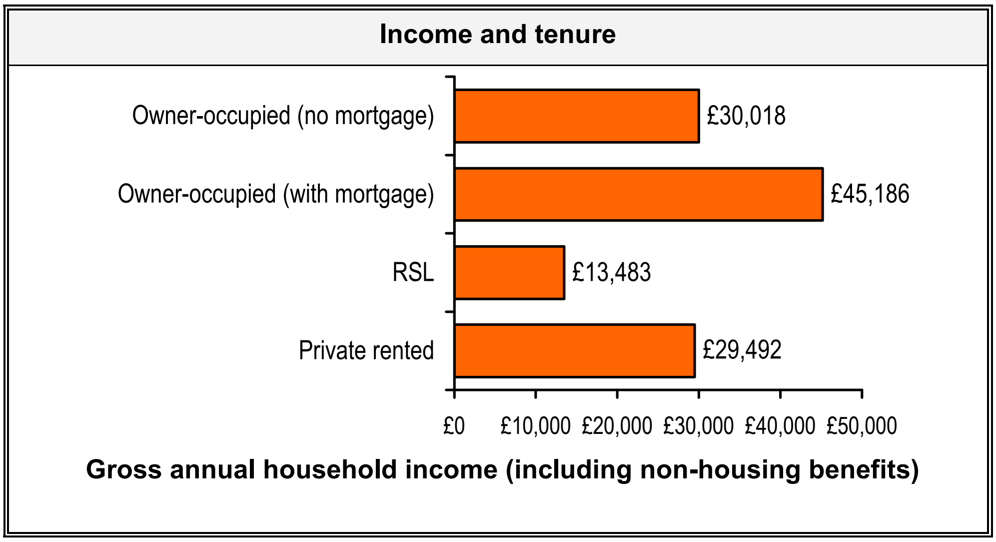
A survey of local estate and letting agents identified estimates of the minimum costs of housing to both buy and rent in the District. Overall, the survey suggested that prices started at around £80,000 for a one bedroom flat in Pewsey with private rental costs starting from around £390 per month in Devizes. Although there were clear price distinctions between the four community areas for second hand house prices and market rental costs, the limited amount of data available on the cost of new build housing in each area has meant the district-wide figures have been applied to all community areas.

Property prices and rents in Kennet					
Property size	Property price			Monthly cost	
	Minimum sale	Average sale	New build sale	Minimum rent	Average rent
Devizes					
1 bedroom	£84,500	£101,000	£88,000	£390	£435
2 bedrooms	£119,500	£125,000	£132,000	£475	£500
3 bedrooms	£131,500	£150,000	£185,000	£550	£650
4 bedrooms	£178,500	£260,000	£266,500	£675	£1,000
Marlborough					
1 bedroom	£102,500	£129,000	£88,000	£425	£465
2 bedrooms	£127,500	£169,000	£132,000	£550	£585
3 bedrooms	£159,000	£215,500	£185,000	£650	£700
4 bedrooms	£229,000	£310,000	£266,500	£900	£1,300
Pewsey					
1 bedroom	£80,000	£120,000	£88,000	£400	£450
2 bedrooms	£100,000	£150,000	£132,000	£490	£550
3 bedrooms	£165,000	£185,000	£185,000	£660	£725
4 bedrooms	£225,000	£250,000	£266,500	£820	£1,100
Tidworth					
1 bedroom	£95,000	£100,000	£88,000	£425	£460
2 bedrooms	£130,000	£135,000	£132,000	£500	£550
3 bedrooms	£140,000	£145,000	£185,000	£650	£750
4 bedrooms	£200,000	£210,000	£266,500	£800	£1,000

Source: Survey of Estate and Lettings Agents (2005)

The information about minimum prices and rents was used along with financial information collected in the survey to make estimates of households' ability to afford market housing (without the need for subsidy). This was done separately for each of the four community areas.

The survey estimated average net household income per annum (including non-housing benefits) to be £32,636. There were, however, wide variations by tenure; with households living in social rented housing having particularly low income levels.



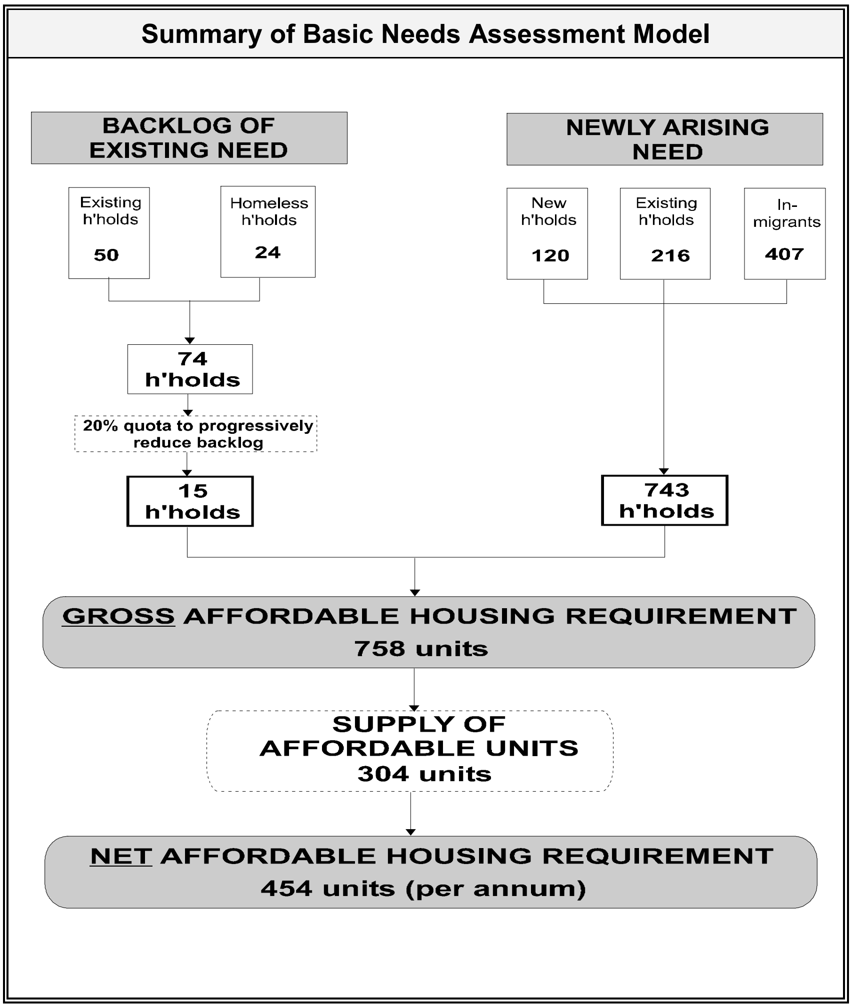
Source-Kennet Housing Needs Survey 2006

The Guide model

As part of the study, an estimate of the need for affordable housing was made based on the 'Basic Needs Assessment Model' (BNAM). The BNAM is the main method for calculating affordable housing requirements suggested in Government guidance *'Local Housing Needs Assessment: A Guide to Good Practice'* (ODPM 2000).

The BNAM sets out 18 stages of analysis to produce an estimate of the annual requirement for additional affordable housing. The model can be summarised as three main analytical stages with a fourth stage producing the final requirement figure. The stages are:

Backlog of existing need
Newly arising need
Supply of affordable units
Overall affordable housing requirement



Source-Kennet Housing Needs Survey 2006

Overall, using the BNAM it was estimated that there is currently a shortfall of affordable housing in the Kennet District Council of around 454 units per annum. The data suggested that this shortfall is most acute for smaller (one and two bedroom) properties. Additionally, data suggests shortfalls across the District, though most notably in Tidworth.

The current policies of the district are outlined in the adopted Kennet Local Plan (2004) and the adopted Wiltshire County Structure Plan 2011. The Wiltshire County Structure Plan recommends in policy DP8 that provision should be made for affordable housing on appropriate sites at towns and villages to meet identified local needs for low cost accommodation. The Kennet Local Plan (2004) more specifically recommends, in Policy HC28, that where there is a demonstrable level of need affordable housing should be provided on any housing site in the towns involving 25 or more dwellings, or 1 hectare of land, in Marlborough on sites involving 15 or more houses or 0.5 hectares of land, or on any housing site in the rural areas. Policy HC29 also identifies two types of affordable housing: social rented and low-cost market housing.

The findings of this survey suggest that any target of affordable housing would be perfectly justified (in terms of the needs) and that site size thresholds below the current Circular 6/98 level of 25 dwellings across the district should be considered. This is supported by national guidance including the Draft Supplementary Planning Guidance (July 2004) and the Rural White Paper (2003) which promotes the view that where there is a demonstrable level of local need in villages there is no reason why "every new market house should not be matched with an affordable home".

Further analysis suggests that a small proportion of this need could theoretically be met by 'intermediate' housing, available at outgoings between social rents and the minimum cost of (second hand) market housing.

Broader Housing Market & Future Changes

In addition to concentrating on the need for affordable housing in isolation the study looked at housing requirements in the market sector. The analysis began by looking at the differences between three broad housing sectors (owner-occupation, private rented and social rented). The survey data revealed large differences between the three main tenure groups in terms of stock profile (size of accommodation), turnover and receipt of housing benefit (or income support towards mortgage interest payments in the case of owner-occupiers).

Profile and turnover of stock and housing benefit claims by tenure

Tenure	% of properties with less than three bedrooms	Annual turnover of stock (% of households)	% claiming housing benefit (income support for owners)
Owner-occupied	21.6%	8.1%	0.6%
Private rented	41.0%	26.0%	25.2%
Social rented	66.3%	17.7%	67.3%
All Households	43.0%	17.3%	31.0%

Source-Kennet Housing Needs Survey 2006

In terms of estimating market requirements a 'Balancing Housing Markets' (BHM) assessment was undertaken looking at the whole local housing market, considering the extent to which supply and demand are 'balanced' across tenure and property size. The notion has been brought into prominence by the work of the Audit Commission in assessing councils' performance (Comprehensive Performance Assessment (CPA) of district authorities).

The BHM differs from the BNAM in that it looks at households' future aspirations and affordability – the BNAM is mainly a trend-based analysis. The table below shows the overall results of the BHM analysis.

Table 12.1 Total shortfall or (surplus)

Tenure	Size requirement 1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	TOTAL
Owner-occupation	35	216	329	(84)	496
Affordable housing	41	230	172	81	525
Private rented	(69)	(207)	(207)	(100)	(583)
Total	8	238	294	(102)	438

Source-Kennet Housing Needs Survey 2006

A number of conclusions can be drawn from this analysis:

i) In terms of the demand for affordable housing in the District it is clear that this is on-going. The BHM methodology suggests a significant shortfall of affordable housing of all sizes of accommodation, most notably two and three bedroom homes

ii) Overall, the data also shows a shortfall of owner-occupied housing and a large surplus in the private rented sector. In terms of size requirements, the information suggests that in the owner-occupied sector the main shortage is for two and three bedroom homes and there is a surplus of four or more bedroom properties. In the private rented sector all dwelling sizes show a surplus.

Therefore both the BHM and BNAM analyses suggest that there will be a shortage of affordable housing in the future.

Conclusions

The housing study of the Kennet District Council provides a detailed analysis of housing requirement issues across the whole housing market in the District. The study began by following the Basic Needs Assessment Model, which estimated a requirement to provide an additional 454 affordable dwellings per annum if all housing needs are to be met (for the next five years).

The study continued by looking at requirements in the housing market overall using a 'Balancing Housing Markets' methodology. This again suggested a significant requirement for additional affordable housing to be provided.

Overall, the need for additional affordable housing represents over one and a half times the level of estimated new dwellings in the District (280 units per annum). It would be sensible to suggest that in the light of the affordable housing requirement shown, the Council will need to maximise the availability of affordable housing from all available sources (including new-build, acquisitions, conversions etc). Attention should also be paid to the cost (to occupants) of any additional housing to make sure that it can actually meet the needs identified in the survey.

TOTAL HA STOCK AS A PROPORTION OF DISTRICT STOCK											
Parish			**HA/ Total**	**Parish**			**HA/ Total**	**Parish**			**HA/ Total**
Aldbourne	113	785	14.4%	Easton	8	119	6.7%	Potterne	165	669	24.7%
All Cannings	25	258	9.7%	Enford	43	282	15.2%	Patney	12	67	17.9%
Alton Parish Council	20	120	16.7%	Erlestoke	7	89	7.9%	Pewsey	342	1590	21.5%
Avebury	38	244	15.6%	Etchilhampton	14	65	21.5%	Poulshot	31	143	21.7%
Baydon	22	238	9.2%	Everleigh	4	91	4.4%	Preshute	0	80	0.0%
Beechingstoke	9	64	14.1%	Fittleton & Haxton	14	111	12.6%	Ramsbury & Axford	146	859	17.0%
Berwick Bassett & Winterbourne Monkton	8	87	9.2%	Froxfield	7	168	4.2%	Roundway	85	1668	5.1%
Bishops Cannings & Coate	80	683	11.7%	Fyfield & West Overton & Lockeridge	45	367	12.3%	Rowde	78	544	14.3%
Broad Hinton/ Winterbourne Bassett	23	331	6.9%	Grafton & Marten	35	281	12.5%	Rushall	8	60	13.3%
Bromham	129	801	16.1%	Great Bedwyn	126	619	20.4%	Savernake	0	88	0.0%
Burbage	101	739	13.7%	Ham	5	82	6.1%	Seend	50	498	10.0%
Buttermere	0	24	0.0%	Little Bedwyn	9	121	7.4%	Shalbourne	18	253	7.1%
Charlton & Wilsford	0	75	0.0%	Ludgershall	506	1782	28.4%	Stanton St. Bernard	14	73	19.2%
Cheverell Magna	35	231	15.2%	Manningford	15	175	8.6%	Stert	0	82	0.0%
Cheverell Parva	5	73	6.8%	Marden	15	58	25.9%	Tidcombe & Fosbury	0	45	0.0%
Chilton Foliat	23	173	13.3%	Market Lavington	111	887	12.5%	Tidworth	431	2735	15.8%
Chirton	28	168	16.7%	Marlborough TC (inc. Manton)	687	3446	19.9%	Upavon	85	534	15.9%
Chute	15	161	9.3%	Marston	2	63	3.2%	Urchfont	59	489	12.1%
Chute Forest	0	64	0.0%	Mildenhall	31	198	15.7%	West Lavington	86	511	16.8%
Collingbourne Ducis	54	366	14.8%	Milton Lilbourne & Clench Common	34	234	14.5%	Wilcot & Huish & Oare	11	278	4.0%
Collingbourne Kingston	28	203	13.8%	Netheravon	103	475	21.7%	Woodborough	6	126	4.8%
Devizes TC	1549	5410	28.6%	North Newnton	13	188	6.9%	Wootton Rivers	9	115	7.8%
East Kennett	2	42	4.8%	Og'ne St. Andrew	6	163	3.7%	Worton	39	259	15.1%
Easterton	34	230	14.8%	Og'ne St. George	20	199	10.1%				
TOTAL HA STOCK	**5876**										
TOTAL DISTRICT STOCK	**33599**										
DISTRICT AVERAGE	**17.5%**										

Appendix 2

AFFORDABLE HOUSIG RENTAL DATA 2006 - HA RENTED STOCK AS A % OF TOTAL STOCK

Appendix 3

REGIONAL SPATIAL STRATEGY

POLICY

***Phasing of Housing Development and Ensuring Land Supply*.**
Local Planning Authorities will carry out joint work in assessing housing needs in HMAs that transcend the authorities' boundaries, so that work on housing and related matters in LDDs can be co-ordinated. Provision should be made across the HMAs and LPA areas to deliver the total number of dwellings in the periods between 2006 and 2016, and between 2016 and 2026

Housing Totals and Phasing

	2006-2026 **Overall Annual Average Net Dwelling Requirement**	2006-2016 **Annual Average Net Dwelling Requirement**	2016-2026 **Annual Average Net Dwelling Requirement**
SWINDON	**1,700**	**1,770**	**1,630**
NORTH WILTSHIRE	**500**	**550**	**450**
KENNET	**250**	**275**	**225**

POLICY

Affordable Housing.
Within the 23,060 dwellings per annum required for the region, at least 7,500 affordable homes per annum will be provided in the period to 2026. Provision will be made for at least 30% of all housing development annually across each local authority area and Housing Market Area to be affordable, with authorities specifying rates up to 60% or higher in areas of greatest need.

Local authorities will need to liaise with neighbouring authorities, affordable housing providers and the development industry and be realistic in their expectations of affordable housing delivery through S106, recognising the danger of stifling overall housing growth through over-ambitious requirements. LDD policies should routinely require more than 30% of housing to be affordable leading to at least 7,500 affordable dwellings annually, with authorities specifying rates rising to 60% or higher in areas of greatest need, where this can be demonstrated to be deliverable over a sustained period. This is a significant step change in affordable housing provision over the plan period.

POLICY

Re-using Land
Local authorities will ensure that the full potential of previously used land is taken into account in providing for new development, whilst recognising that previously developed land may not always be in the most sustainable locations that development

may not necessarily always be the most sustainable land use. For the region as a whole the aim should be to achieve at least 50% of new development on previously developed land (including the conversion of existing buildings).

DRAFT PPS 3 HOUSING

Target setting

In determining the overall target for affordable housing provision, local planning authorities should have regard to the sub-regional housing market assessment, the Regional Spatial Strategy, Regional Housing Strategy, Regional Homelessness Strategy, Local Housing Strategy and Community Strategy. The target should take account of the anticipated levels of finance available for affordable housing, including public subsidy (based on priorities set out in the Regional Housing Strategy and discussions with the Housing Corporation), **and the level of developer contribution that can realistically be sought on relevant sites.**

Separate targets should be set for social-rented and intermediate housing. Local planning authorities should ensure that provision of affordable housing meets the needs of current and future occupiers.

Local planning authorities should **balance the need for affordable housing against the viability of sites in their area.** They should have regard to the implications of competing land uses and make **informed assumptions about the levels of finance available for affordable housing.** Local planning authorities should aim to manage the risks in terms of delivery to ensure they achieve their affordable housing targets.

Intermediate Housing

Improving the delivery of affordable housing would have benefits across the country and not just in areas of greatest housing need. The proposed policy also requires that local planning authorities **consider the need for and set targets for intermediate affordable housing (which includes key worker housing).** This will help ensure that communities contain a mix of households, and not just the rich and the poor.

Thresholds

Local planning authorities should set a minimum site-size threshold, expressed as numbers of homes or area, above which affordable housing will be sought. The indicative **national minimum threshold is 15 dwellings, but local planning authorities may set a different threshold or series of thresholds where this can be justified.** In determining the threshold, local planning authorities need to take into account the level of affordable housing to be sought, site viability, the impact on the delivery of housing provision, and the objective of creating mixed and sustainable communities.

Sustainable Communities

Local planning authorities should **make sufficient land available either within or adjoining market towns or villages, for both affordable and market housing, in order to sustain rural communities.** In determining the approach to planning for housing and affordable housing in rural communities, local planning authorities should have regard to the relevant sub-regional housing market and land availability assessments, the relevant Regional Spatial Strategy, Regional Housing Strategy and Local Housing Strategy.

The **focus for significant development should be market towns or local service centres** that are well served by public transport and other facilities. Development **may be provided in villages and other small rural communities where needed to contribute to their sustainability**. The priority for development is developable brownfield land, but **where this is either insufficient or not available developable greenfield may need to be used.**

Rural Exceptions

Local planning authorities with small rural communities should **include a rural exception site policy** in relevant development plan documents that applies to all these communities within their area. Development plan documents should set out the criteria against which sites not allocated in the development plan will be considered. **Rural exception sites should only be released for affordable housing in perpetuity.** Local planning authorities should consider, in applying the rural exception policy, the need to meet the needs of the rural economy, and in particular the needs of households who are either current residents or have an existing family or employment connection, in order that rural communities remain sustainable, mixed, inclusive and cohesive.

Sustainable Development

Local planning authorities should encourage applicants to apply principles of sustainable and **environmentally-friendly design and construction** to new developments. Local planning authorities should in particular encourage applicants to apply the Code for Sustainable Homes for strategic sites that deliver a large number of new homes to improve resource efficiency and give purchasers and tenants information on the running costs and sustainability of their new home.

Joint Working

As part of preparing annual monitoring reports, local planning authorities should **work collaboratively within sub-regional housing market areas** to consider whether they are collectively delivering compared to the level of housing provision for the housing market area.

Where there is continued market pressure for development, local planning authorities will need to regularly roll forward (review and update) allocations, the priority being to bring forward brownfield development. The aim should be to maintain a five year land supply, taking account of the **strategy for the sub-regional housing market area, relevant local circumstances and the evidence of interdependencies between different areas within the sub-regional housing market.**

Previously Developed Land

The national target is that by 2008, at least 60% of additional housing should be provided on brownfield land. Regional planning bodies should set brownfield targets to be met over the plan period, that contribute to meeting the national target and local planning authorities should set brownfield targets to be met over the plan period, that contributes to meeting the regional target. In determining the regional brownfield targets and in developing local brownfield strategies, including targets which reflect local circumstances, regional planning bodies and local planning authorities should have regard to sub-regional housing land availability assessments and relevant sustainability appraisals.

In determining which sites to include in the five year land supply, local planning authorities should have regard to the sustainability appraisal of the site allocation development plan document. The priority for development is developable brownfield land**. Local planning authorities should review all their non-housing allocations when preparing or reviewing their site allocation development plan document and consider whether some of this land might be more appropriately used for housing or mixed use development.**

Housing Allocations in LDFs

Site allocation **development plan documents should always include at least five years supply of land** for development from the date they are adopted. The five year supply should be allocated land that is developable. To be considered developable, a site should be:- available; suitable; and viable.

If RSS policies are endorsed by government, the first 5 year housing trajectory for Kennet in the core strategy will make provision for 1375 dwellings. Many of these will be committed as outstanding local plan allocations and planning outstanding permissions. The Council has made a commitment to support a call to create a more balanced society in Tidworth by allocating a further 350 dwellings (in addition to the 150 open market dwellings currently allocated in the adopted local plan) to the town in the LDF.

AFFORDABLE HOUSING POLICY GUIDE: SECOND DRAFT – JULY 2003

The Affordable Housing Policy Guide provides supplementary information on how the Council seeks the delivery of affordable housing through the planning process in Kennet District. It backs up policies in the Replacement Kennet Local Plan (RKLP) and the Council's Housing Strategy which together provide a framework for housing enabling activity for the period to 2011. Formal adoption has been delayed as a result of draft PPS 3 and the anticipated guidance on affordable housing, both of which have been outstanding for some time.

RENEWABLE ENERGY

Central government now expects local development document's to contain policies that require a percentage of energy to be provided by renewables in new development. The emerging Regional Spatial Strategy (RSS) has a target of a minimum of 10% from large developments. The Wiltshire Renewable Energy Action Plan has a target of 15%. Other authorities are proposing even higher amounts such as the Major of London who is proposing 20%. The percentage required must be viable to developers and must be balanced against other issues such as the need for affordable housing or education contributions

In June 2006 Yvette Cooper the Minister for Housing and Planning released a ministerial statement relating to renewable energy. It stated *that the government expects all planning authorities to include policies in their development plans that require a percentage of energy in new developments to come from on-site renewables, where it is viable*.

Appendix 4

Summary of Affordable Housing Policies included in the Kennet Local Plan 2011 – adopted April 2004

Policy HC28 AFFORDABLE HOMES TARGET

- Sets an overall target of **1575 affordable homes for the plan period (2000 to 2011)** comprising 1375 subsidised and 200 low cost market homes

Policy HC29 DEFINITION OF AFFORDABLE HOUSING

- The **type of affordable housing** provided in accordance with plan must comply with this policy by being either:

- **Subsidised housing** provided by a **Registered Social Landlord**, village trust or similar body which has the benefit of Social Housing Grant either **for letting at affordable rents or for sale on a shared ownership basis or**

- **Low Cost Market housing** which is offered for sale at or below the lower quartile of prevailing market values, provided the proposed sale price is **affordable based on average incomes** at the time of the application

Policy HC30 AFFORDABLE HOUSING ON LARGE SITES

- Affordable housing will be negotiated on each of the 10 **allocated sites** listed – generally **30% Subsidised** and **20% Low Cost Market** contributions

- The same proportions of affordable housing will also be sought on **unforeseen sites** that come forward in Devizes, Marlborough, Tidworth, Ludgershall, Pewsey and Market Lavington involving **25 or more dwellings or 1 hectare of land**

- **In Marlborough only** if there is evidence of acute pressure for affordable housing a threshold of **15 dwellings or 0.5 of a hectare of land** applies to unforseen sites
- Subsidised housing provided must be available for **defined local needs** through the involvement of a **Registered Social Landlord** and secured through planning obligations

Policy HC31 INTEGRATION OF AFFORDABLE HOUSING

- Affordable housing must be **carefully integrated** within the overall development and distributed following the design principles of Policy PD1
- Clustered in small groups of **not more than about 10 dwellings**
- Size and type of individual dwellings to reflect **local needs**
- Level of acceptable integration may vary to reflect **site size**, the overall **form of development** and **type** of affordable housing

Policy HC32 AFFORDABLE HOUSING CONTRIBUTIONS IN RURAL AREAS

- Negotiation of **equivalent provision** of market and affordable housing on all housing sites in villages subject to evidence of local need
- Subsidised housing provided must be available for **defined local needs** through the involvement of a **Registered Social Landlord** or similar body and secured through planning obligations

Policy HC33 RURAL EXCEPTIONS POLICY

- Within the Limits of Development of H.4 villages (see Policy HC22) and existing built up area of H.5 villages (see Policy HC24) **limited additional affordable housing** development is allowed on sites where housing would not otherwise be permitted and where
- Size and type of scheme reflects **identified local need** and the size of the settlement and development follows **defined design principles** and takes account of site relationship with local services and transport networks
- There is **no conflict with other plan policies** protecting local services, amenity, employment or tourism uses
- Additionally, small groups of affordable housing permitted **on the edge of H4 villages** subject to above criteria provided this does not set a precedent for sporadic development in the countryside
- Subsidised housing provided must be available for **defined local needs** through the involvement of a **Registered Social Landlord** or similar body and secured through planning obligations