

How can councils secure the delivery
of more affordable homes?

New models, partnerships and innovations



tcpa



**Nationwide
Foundation**



tcpa

Town and Country Planning Association (TCPA) founded in 1899, is the UK's oldest independent charity focused on planning and sustainable development. Through its work over the last century, the Association has improved the art and science of planning both in the UK and abroad. The TCPA puts social justice and the environment at the heart of policy debate, and seeks to inspire government, industry and campaigners to take a fresh perspective on major issues, including planning policy, housing, regeneration and climate change.

The TCPA's objectives are:

- *To secure a decent, well designed home for everyone, in a human-scale environment combining the best features of town and country.*
- *To empower people and communities to influence decisions that affect them.*
- *To improve the planning system in accordance with the principles of sustainable development.*



The Nationwide Foundation is a charitable funder which aims to increase the availability of decent, affordable housing for people in need.

Funding for this project is part of the Nationwide Foundation's strategic programme, Nurturing Ideas to Change the Housing System. A key part of this work is understanding which ideas have potential to create change through robust testing and analysis.

www.nationwidefoundation.org.uk or @NationwideFdtn

The Nationwide Foundation is a registered charity (no 1065552) and has limited liability being a company limited by guarantee registered in England and Wales (no. 3451979). Registered office address: Nationwide House, Pipers Way, Swindon, SN38 1NW.

The principal benefactor of the Nationwide Foundation is Nationwide Building Society.

Published in November 2017

Report written by Henry Smith and Kate Henderson, TCPA

Acknowledgements

The TCPA is very grateful to the Nationwide Foundation for supporting this project, and to all the individuals and organisations that contributed to the production of this document.

Thank you to Jack Mulligan from the TCPA for his assistance with editing the final report.

Contents

Foreword – Nationwide Foundation	5
Executive summary	6
 Part 1 – Introduction to the project.....	 8
1.1 Objectives of the project.....	10
1.2 Purpose of this report.....	11
1.3 Project activities	12
 Part 2 – The need for new models of affordable housing	 22
2.1 The challenges for housing affordability in England.....	24
2.2 The changing policy context	26
2.3 The role of local government in solving the crisis in housing affordability	29
2.4 Affordable homes programme	30
2.5 Opportunities for local government to innovate to deliver more affordable homes	31
 Part 3 – Case studies of innovation	 32
Introduction.....	33
Worksheet 1 – Local housing companies/joint ventures.....	34
Worksheet 2 – Empty Homes.....	41
Worksheet 3 – Great Estates model	45
Worksheet 4 – Councils supporting community led housing.....	51
Worksheet 5 – Combined authorities	57
 Part 4 – Project findings and recommendations	 62
4.1 Project findings	64
4.2 Recommendations to government to maximise the role of councils.....	66
 Part 5 – Further guidance for councils	 72
5.1 Signposting guide to available resources	74
5.2 Final version of signposting guide	74
5.3 Special edition of TCPA journal.....	75



Foreword – Nationwide Foundation

Gary Hartin, Programme Manager, *The Nationwide Foundation*

Over the last few years, some councils across England have been using innovative approaches to help meet the shortfall of mixed-tenure homes required to create thriving and successful communities. We chose to fund this project because we were convinced of the need to encourage and support more councils and combined authorities to create more affordable homes using the opportunities and powers already available to them.

The project has engaged with over 200 councillors and officers from local authorities of all sizes across England, in urban and rural areas, representing a range of specialities including planning, housing, economic development, regeneration and finance. This thorough examination of the system has revealed a strong appetite from councils to play a major role in building new affordable homes.

The TCPA has identified a wide range of these new approaches, learnt about their challenges and engaged with councils about the opportunities to replicate these models in their own areas. The new approaches being taken have included the following: establishment of local housing companies, joint ventures and other new partnerships, supporting community led housing and refurbishing empty homes for use as affordable housing. The next stage is to raise awareness of the models available to councils so that more of them maximise the powers they have in shaping housing.

We are pleased that TCPA has worked closely with The Smith Institute on the survey and seminars. The TCPA has also worked with other organisations, funded by the Nationwide Foundation, to produce a signposting guide to resources available to councils to help deliver affordable housing.

The evidence has shown that new delivery vehicles have the potential to meet the need for new homes across a range of tenures. However, many of these new approaches do not meet the need for genuinely affordable homes at social-rent levels, despite most councils identifying this as the tenure that is in greatest need in their areas. We would like to see councils be given greater freedoms by government to ensure that they can deliver genuinely affordable homes in their areas, both on their own and in partnership.

Our commitment to increasing the availability of decent, affordable homes for people in need means that we will continue to support, promote and call for changes that will lead to local authorities having the capability, power and drive to create homes that will support and improve the lives of those in our society who suffer because of inadequate housing.

Finally, we would like to thank the TCPA for the commitment and professionalism of its team in delivering this project and their overall assistance in building our wider knowledge of effective ways to deliver more decent, affordable homes in the UK.

Executive summary

With support from the Nationwide Foundation the TCPA has engaged with more than 130 councils and their delivery partners across England through round table discussions, an online survey, a series of regional seminars and various pilot workshops. Through this extensive programme of engagement, the TCPA has revealed considerable appetite for innovation from councils right across the country, but also concerns from many councils about their ability to deliver genuinely affordable homes available at social-rent levels.

It is clear that councils can and want to do much more to tackle the crisis in affordable housing in their local authority areas, from direct delivery of social-rent homes, new local housing companies and joint ventures through to bringing empty homes back into use and supporting community led housing.

The government recognises the potential for councils to be part of the solution to the housing crisis, and the forthcoming green paper on social housing – if accompanied by significant changes to funding for affordable housing, capacity building and regulatory reform – has the ability to unlock a new era of local-authority-enabled-and-delivered affordable housing.

This report sets out 18 recommendations for government under the following eight themes:

National leadership, ambition and investment

- 1** Significantly more government investment is required in homes available for social rent and other affordable tenures if we are to deliver the step change necessary to meet our nation's housing need.
- 2** The forthcoming green paper on social housing is a unique opportunity for the government to set out how it will deliver much greater numbers of genuinely affordable housing.

Funding the delivery of high-quality affordable housing

- 3** The Budget commitment to lifting the Housing Revenue Account (HRA) borrowing cap on councils in areas of 'high affordability pressures' is welcome but should be extended to all authorities with housing stock to help them maximise their potential as a major contributor for meeting the shortfall in supply of affordable housing.
- 4** The government should enable councils to retain 100% of their Right to Buy receipts to reinvest into building new affordable housing.
- 5** The government should make it clear to all councils whether or not local housing companies which are delivering homes using funds outside the Housing Revenue Account are exempt from the Right to Buy.
- 6** The government needs to clarify whether the developer contribution model for delivering new affordable housing via section 106 agreements remains a policy objective, and if not where the alternative funding for new affordable housing will come from.

Planning for affordable housing

- 7 The updated National Planning Policy Framework (NPPF), due in early 2018, provides a key opportunity for the government to publish a definition of social housing at genuinely affordable levels of rent, distinct from other affordable housing products.
- 8 The government should urgently revise the viability test in the NPPF.
- 9 There is a need for the government to publish a comprehensive set of high-quality standards for new homes of all tenures.
- 10 The government should enable local authorities to set the percentage of social-rent homes - not just affordable homes in its wider definition - which are required in new developments through their local plans.

Skills and capacity

- 11 The government should enhance skills and boost capacity within councils to fulfil their role in securing new housing of all tenures.
- 12 There is a need for accessible information and support for councils about establishing local housing companies and the powers available to councils, which the government can facilitate.
- 13 The government should support the ongoing refurbishment of empty homes.

Holistic and integrated approach to affordable housing

- 14 The government's approach to affordable housing must be well integrated across departments.
- 15 The government's approach to tackling the housing crisis should also combine housing and health.

Community led housing

- 16 The government's support for community led housing through the Community Housing Fund is welcomed, but needs expanding to encourage more establishment of Community Land Trusts in urban areas.

Public sector land

- 17 The "best consideration" test for public-sector land requires review.

Combined authorities, joint working and joint plans

- 18 The government should ensure that combined authorities have access to sufficient resources to maximise their potential to deliver high-quality, sustainable growth.



1

Part 1

Introduction to the project

Part 1 provides a background to the project and explains its objectives. It describes the broad engagement that the project has undertaken with councils across England, which has included a survey, round tables, seminars and workshops with pilot councils. In total, over 130 councils have been engaged with ranging from metropolitan areas to rural parts of the country.

This section also explains what the lessons were from each of these activities, particularly about the different opportunities and challenges that councils are facing to deliver housing for people in greatest need in their areas.

1.1 Objectives of the project

This project, How can councils secure the delivery of more affordable homes? New models, partnerships and innovations, undertaken by the TCPA and generously supported by the Nationwide Foundation, aims to identify, analyse and transfer innovative models of affordable housing which are being trialled by leading-edge local authorities. The project, which started in February 2017 and ran until November 2017, seeks to influence local authorities – both individual councils and new combined authorities – to adopt new models to tackle the crisis in housing affordability seen throughout England.

The project includes the following elements:

Practical help for councils and combined authorities to deliver more affordable homes

including accessible guidance for councils and combined authorities, based on the identification and analysis of innovation and existing good practice within local government in England, highlighting practical, transferable lessons. This was carried forward to implementation by identifying and working together with pilot councils in the early stages of planning. The intention is to periodically revisit the pilot councils to monitor their progress in innovating to deliver affordable housing, the findings of which will be compiled in a future report.

Understanding the new policy context

following a period of significant legislative and policy reform, the project mapped the complex and changing policy landscape and provided an analysis of the current opportunities for local authorities to build new homes, which included a review of the housing white paper (published for consultation in February 2017) and drafting responses to other policy announcements.

Influencing national government

a comprehensive evidence base – developed through desk-based research, a survey of councils and numerous individual case studies – informed this report, setting out recommendations for both national and local government.

Advocacy support for elected members

dissemination events, such as seminars and workshops, provided an opportunity for sharing best practice, lessons and peer-to-peer support between local authority councillors and officers.

1.2 Purpose of this report

The purpose of this report is to provide an accessible overview of the outputs of the project and its key findings relating to how councils can support the delivery of more affordable homes using the resources and powers they already have. Links are given to websites where councils and other stakeholders can access further guidance.

The layout of the report is as follows:

Part 1:

Overview of the project activities.

Part 2:

Background to the affordable housing crisis in England, and the policy context.

Part 3:

Five worksheets each showcasing case studies for innovative models of affordable-housing delivery.

Part 4:

Project findings and recommendations to government to maximise the potential of local government to deliver affordable homes.

Part 5:

Summary of project outputs and guidance.

1.3 Project activities

Through the course of this ten-month project, the TCPA has engaged with over 200 council representatives from more than 130 councils across England, and their delivery partners, through round table discussions, an online survey, a programme of regional seminars and four pilot workshops. The councils ranged from rural district authorities in the South West of England to combined authorities and joint-planning-and-delivery units in the North and the Midlands.

There has been a significant amount of interest in the project and its findings, from local and national government as well as developers, housing associations and community organisations. The project has been undertaken during a time of considerable policy and legislative change, and its results have fed into responses from the TCPA to a number of national and London consultations on housing and planning, including the consultation on the housing white paper¹ (published in February 2017); the consultation document Planning the right homes in the right places² (published in September 2017); and the Mayor of London's draft Housing Strategy³ (published in September 2017).

This report has been particularly timely, released only shortly after the Secretary of State for Communities and Local Government, the Rt Hon Sajid Javid MP, announced that the government intends to publish a new green paper on social housing⁴. This was followed by the announcement by the Prime Minister, the Rt Hon Theresa May MP, of £2billion extra funding for social and affordable housing and a new social-rent settlement at the Conservative Party Conference in October and a commitment in the Autumn Budget in November to lift Housing Revenue Account borrowing caps for councils in areas of high affordability pressure, so they can build more council homes. A timeline of policy announcements is provided in part 2.

“£2billion extra
funding for social
and affordable housing
and a new social-
rent settlement”

Rt Hon Theresa May MP
Conservative Party Conference

October 2017

¹ **Fixing Our Broken Housing Market. Housing White Paper.** Department for Communities and Local Government, February 2017.
www.gov.uk/government/collections/housing-white-paper

² **Planning the right homes in the right places: consultation document.** Department for Communities and Local Government, September 2017.
<https://www.gov.uk/government/consultations/planning-for-the-right-homes-in-the-right-places-consultation-proposals>

³ **London Housing Strategy: Draft for public consultation.** Greater London Authority, September 2017.
<https://www.london.gov.uk/what-we-do/housing-and-land/have-your-say-tackling-londons-housing-crisis>

⁴ **Javid, S., 2017, Sajid Javid's speech to the National Housing Federation conference 2017. 19 September 2017.**
<https://www.gov.uk/government/speeches/sajid-javids-speech-to-the-national-housing-federation-conference-2017>

1.3.1 Round tables

Three high-level stakeholder round tables were hosted at the TCPA in February, June and October 2017.

There were representatives from the following sectors:

- *central government (the Department for Communities and Local Government);*
- *regional and local government (councillors and officers from planning, housing and regeneration roles);*
- *registered providers;*
- *experts in the housing sector, including academics, think tanks, community housing networks and leading charities; and*
- *other organisations carrying out research funded by the Nationwide Foundation.*

The purpose of the round table discussions was to help inform the project activities and guide the research, including identifying good-practice case studies, and to act as a sounding board on the draft recommendations to central government.

Feedback from the first stakeholder round table highlighted that there are many resources currently available, from research reports to case-study guides and toolkits, all designed to help inform councils about opportunities for securing more affordable housing. However, knowledge about these resources among local authority officers and elected members is often limited. In response to the plethora of publications already available, the TCPA has produced an accessible signposting guide to help direct councils to resources available to them (see part 5 for more information on the signposting guide).

Lessons from the round tables:

Share knowledge and collaborate: It is hugely beneficial if organisations working in the fields of local government and affordable housing – including government departments and agencies, academic institutes, charities, think tanks and trade bodies – regularly share the findings and conclusions of their research. Sharing information on research and training programmes helps ensure a more efficient use of resources, avoids duplication and ultimately benefits the users of the research (in the case of this project, local authorities) to access the right information and training more easily.

Avoid the “silo” mentality: There needs to be consensus that all types and tenures of housing are needed. Too often housing is segregated into social housing, co-housing, community led housing, private-rented sector (PRS) housing, market housing and so on, rather than housing providers, researchers and campaigners working together to collectively make the case for all types of housing, recognising that some tenures, such as social rent, will require very different investment models to other types of housing, such as PRS.

1.3.2 Survey of councils

A survey of councils was conducted to create an evidence base about how new models for affordable housing delivery are being taken forward by local authorities. The TCPA sent the online survey to chief executives, lead councillors and heads of planning, housing, finance and economic development at all councils in England. The survey was open for over two weeks (between 17th May and 2nd June 2017), and 76 councils responded.

The respondents were asked to answer questions about their local authority area, including the following:

- *the types of housing in greatest need in the council area;*
- *whether the council had already established, or was considering establishing, various models for delivery (including a local housing company on their own or in joint venture; Housing Revenue Account-funded house building; other joint ventures; or support for community led housing);*
- *what the main motivations were for considering these various models;*
- *how they are supporting community led housing; and*
- *what more an incoming government could do to support delivery of more affordable housing.*

The survey was undertaken in collaboration with The Smith Institute, and also included questions relating to the subject of their separate study on local housing companies, also funded by the Nationwide Foundation.⁵

The results of this survey highlighted a range of new approaches being undertaken by councils to deliver different types and tenures of homes, from local housing companies to supporting community led housing on council-owned land.

Lessons from the survey:

Be clear on the purpose of new vehicles:

The survey revealed a disjunct between the housing tenure councils identified as most in need - social-rent homes - and their motivations for setting up new models of housing delivery (often to generate revenue).

Councils are unsure about current policy and legislation:

Many of the councils surveyed asked for more policy and legislation updates to support them in identifying opportunities to deliver more affordable housing.

The definition of affordable housing needs review:

Most councils (62%) did not believe that the definition of affordable housing set out in the housing white paper would help them deliver what they understand as being affordable housing.

The survey responses are explored further throughout this report.

⁵ **Delivering the renaissance in council-built homes: the rise of local housing companies.** The Smith Institute, October 2017.
<http://www.smith-institute.org.uk/book/delivering-renaissance-council-built-homes-rise-local-housing-companies/>

1.3.3 Seminars

Following the survey, the TCPA held a series of four regional seminars in June and July 2017:

- **London and the South East**,
held at the TCPA offices in central London;
- **Manchester and the North West**,
held at Manchester Central Library and including a keynote speech from the Rt Hon Andy Burnham, Mayor of Greater Manchester;
- **York and the North East**,
held at the Priory Street Centre in York and including a keynote speech by the Rt Hon the Lord Mayor of York, Councillor Barbara Boyce; and
- **Exeter and the South West**,
held at the Priory Street Centre in Exeter.

The seminars were attended by nearly **150 council representatives** from **over 80 councils**.

Most of the seminars were sold out, and the Exeter seminar was attended by representatives of nearly all of the local authorities in the South West.

The seminars were delivered during a period of unprecedented political change. The timing of the events - immediately after the UK General Election, held in early June 2017, and following the appalling tragedy of the Grenfell Tower disaster on 14th June - meant that there was a renewed focus on affordable housing, in particular homes available for social rent, during the discussions at the seminars.



Figure 1 – Rt Hon Andy Burnham, Mayor of Greater Manchester, giving the keynote presentation at the North East seminar



Figure 2 - Delegates at the South West seminar in Exeter

The seminars were an opportunity for councils across the country to learn about the current legislative context for the delivery of affordable housing and the opportunities available to them. Originally designed to provide an overview of the policies set out in the housing white paper, the policy analysis section of the seminars was expanded to incorporate an overview of the content on housing and planning policies in the main political party manifestos.

At each of the seminars, the TCPA and The Smith Institute presented findings from their projects (both funded by the Nationwide Foundation), and representatives from local authorities and delivery partners in the region were invited to speak about examples of new models being trialled and the challenges and opportunities faced by these councils.

Lessons from the seminars:

There is a significant need for council support on the subject of affordable housing:

Almost all of the seminars were at full capacity, revealing a significant need and appetite for independent training and support for both elected members and council officers.

The planning system is not well understood: Due to the pace and scale of policy and legislative change, not just in 2017 but over the past decade, councillors and officers reported finding the planning system very difficult to understand, and following the general election delegates expressed uncertainty about the policy framework for funding social and affordable housing.

Innovation is varied across the country: Confidence in experimenting with new models of delivering affordable housing varies in different areas of the country.

1.3.4 Pilot councils

Following on from the seminars, four pilot workshops were held with individual councils and combined authorities. The aim of the pilot workshops was to analyse in more depth why and how councils are considering new models to deliver affordable housing, and to understand the replicability of the new models identified during the research.

The TCPA invited expressions of interest for pilot councils via an invitation, which was sent to councils who attended the seminars and publicised via the TCPA members' bulletin.

The aim was to run pilot workshops with councils which were at an early stage of considering new delivery models and partnerships to secure more affordable housing in their local authority areas.

Of the numerous expressions of interest received, four pilots were selected. Pilots were chosen to create a mixture of urban and rural councils - a wide geographical spread across England - and to include areas with combined authorities which were currently working together to develop plans for how to address the need for affordable housing at a strategic level.

The following pilot councils were selected:

- **Harlow Council** *is a post-war New Town with a significant ambition for growth and specific town-centre regeneration challenges which are similar to many of the other British New Towns.*
- **The West of England Joint Spatial Plan with the combined authority.** *The combined authority includes South Gloucestershire Council, Bristol City Council, and Bath and North East Somerset Council, and these councils are working together on the Joint Spatial Plan with North Somerset Council. Covering historic city centres and rural countryside, the four authorities are facing a broad range of challenges in delivering affordable housing. The councils have volunteered to work together on a joint plan to set out priorities for growth.*
- **East Riding of Yorkshire Council** *is a stock-retaining unitary authority with a small council-house-building programme. The authority covers an area with historic market towns and coastal communities and is in the process of producing a new housing strategy. The York, North Yorkshire and East Riding Strategic Housing Partnership was also present at the workshop to provide input on the findings of their work on community led housing.*
- **North Northamptonshire Joint Planning Unit** *is an area with a joint planning committee consisting of Kettering, Corby, East Northamptonshire and Wellingborough councils, together with Northamptonshire County Council, which has a number of large-scale new communities planned.*

Between September and November 2017, the TCPA conducted workshops with the four pilot councils. Nearly 60 council officers and councillors were in attendance, from ten different councils as well as the combined authority in the West of England. Various departments were represented including housing, planning, property and asset management, economic development, regeneration, governance and finance.

The workshops with the pilot local authorities were prepared in close collaboration with the participating councils to ensure that they met their specific requirements and were considerate of political sensitivities.

At the pilot meetings, a representative from the councils introduced the context for affordable housing need across their local authority area. The TCPA provided a national policy analysis followed by a presentation of innovative case studies identified by the project, as well as the common challenges and opportunities for delivering more affordable homes, as shown in the survey of councils. The TCPA then facilitated a discussion about the opportunities to implement new models for delivering affordable housing, and what more was needed in terms of support from government as well as skill and capacity improvements.



Figure 3 - Attendees at the East Riding of Yorkshire Council pilot workshop

“... it is challenging to spend available funds on affordable housing when many voters would prefer to see the funding spent on, for instance, road improvements instead”

A practical, interactive workshop was then carried out, with officers and councillors asked to conduct a SWOT (strengths, weaknesses, opportunities and threats) analysis of their current strategic context and affordable housing delivery. Participants were asked to rate whether current performance was viewed as a strength or a weakness and an opportunity or a threat. This process of taking a step back and assessing how the council was performing at that particular time gave a chance to open up discussions for where and how it could improve.

Lessons from the pilot workshops:

Joint working

- *The workshops demonstrated the potential for bringing together different departments across each council as a catalyst for providing new ways of working, to understand the key priorities for each department (which were often very different between housing, planning and finance for example) and to harness the expertise that already exist within councils. A key lesson from the pilot workshops is that stronger interdepartmental working within a council can help pool together knowledge and expertise and achieve shared goals.*
- *In those areas producing joint plans, participants learnt about the achievements of each council and discussed how they could better share this learning and expertise among each other in the future. There is clearly potential to create economies of scale if councils were to collaborate more closely, e.g. joint bidding for government investment and housing funds, and commissioning joint studies on delivery vehicles.*

Barriers and challenges

- *The workshops helped identify barriers to securing more affordable housing, which included problems with the existing policy framework and skills and capacity shortages.*
- *Attendees at one of the pilot workshops specifically identified permitted development policy (for example, the conversion of commercial buildings into homes without having to get planning permission) as a key issue because it meant that little or no thought was given to the most basic issues, such as where children can play or whether there are enough doctors' surgeries or school places in the area.*
- *The workshops also revealed the impact of political sensitivities and differing political priorities on the delivery of affordable housing, with one workshop attendees stating, **“... it is challenging to spend available funds on affordable housing when many voters would prefer to see the funding spent on, for instance, road improvements instead”.***
- *Some of the pilot councils were having problems finding suitable options for delivering homes through funds received via developer contributions, known as section 106 agreements. There are some councils who are considering taking on the section 106 funds themselves and building directly.*
- *A common theme throughout the pilot workshops was that councils currently lack the resources to properly investigate the options available to them. Pooling of resources by working in a coordinated way can potentially help this.*

Lessons from the pilot workshops:

Opportunities

- Councils found the pilot workshops discussions to be a useful method for creating a consensus about new ways of delivering affordable housing, including creating a new housing company or other delivery vehicle.
- Councils which do not have many land assets see their options as being more limited. However, the discussions across departments in the workshops generated more interest from some councils to intervene in the land market, taking on new assets and using mechanisms such as revolving land funds to reinvest and build council land portfolios.
- There is interest from councils in repairing empty homes and bringing these back into use for affordable housing, using the specific example shared in the pilot workshops of Leeds City Council.
- One council spoke about work being undertaken through neighbourhood planning groups to look at the opportunity for building on rural exception sites.

Government support

- Throughout the workshops, councils raised concerns about the lack of clarity from central government on issues such as the application of the Right to Buy policy on local housing companies and the barriers that this posed.
- The restrictions on spending of Right to Buy receipts were seen as particularly challenging.
- Councils highlighted that the current limitations of self financing were restricting the local authority's ability to borrow, invest and build new affordable homes.
- Attendees said that more good-practice case studies were needed by councils, particularly from areas which are of a comparable size to their own, to help make the case for innovation in housing delivery.
- Attendees at the pilot workshops highlighted that it does not feel like there is a shared, collaborate effort between central and local government to tackle the housing crisis. One council officer said, ***“What we are doing as a council to build new homes is in spite of government, rather than because of it. There is a huge opportunity to do more if they take the brakes off.”***

“What we are doing as a council to build new homes is in spite of government, rather than because of it. There is a huge opportunity to do more if they take the brakes off.”



Figure 4 - Attendees from Kettering, Corby, East Northamptonshire and Wellingborough councils at the pilot workshop with the North Northamptonshire Joint Planning and Delivery Unit

1.3.5 Parliamentary launch event

To influence the national debate about the role of councils in securing affordable housing, a parliamentary event was held in late November 2017 where this report was formally launched.

The event was chaired by Helen Hayes, MP for Dulwich and West Norwood, and member of the Communities and Local Government Select Committee. The research findings and report recommendations to government were presented, followed by responses from the Rt Hon John Healey MP, Shadow Secretary of State for Housing, and Lord Richard Best.

To illustrate the innovation currently taking place across local government, the parliamentary event presented case studies from part 3 of this report. The event also featured representatives from the pilot councils to highlight key lessons from the workshops.



2

Part 2

The need for new models of affordable housing

Part 2 sets out the background to the affordable housing crisis in England, the policy context – with a focus on the housing white paper – and some of the barriers and opportunities for local authorities to develop new models for delivering affordable housing.

2.1

The challenges for housing affordability in England

Introduction

There is a well-documented housing crisis in England, with those in the greatest need being worst hit. The government has recently stated, “England needs net additions in the region of **225,000 to 275,000** [homes] per year”⁶ and the Chancellor set out a commitment to 300,000 new homes a year in the Autumn Budget 2017. Government figures for the year to December 2016 reported that **140,500** homes were completed, which is a shortfall of between **84,500** and **134,500** homes per year. The housing white paper, published in February 2017, set out that “the housing market in this country is broken, and the cause is very simple: for too long, we haven’t built enough homes”.⁷

Housing has become less affordable as demand for new homes outstrips supply. Subsidy for new affordable homes has been dramatically reduced, and a new affordable-rent model has been introduced that allows registered providers to charge up to **80% of market rent**. In 2015/16 the number of affordable homes in England fell to a 24-year low, with around **32,000** built, compared to **66,600** in the previous year. Of the affordable homes built, only **6,550** of new homes were for social rent⁸. The overall number of affordable homes built in 2016/17 increased to around **41,500**, but of this total the amount of new social-rent homes fell further still to just **5,380**⁹.

The outcome has been that more low-income families are being housed in private-rented sector homes, often with short-term tenancies. Analysis published in October 2017 showed that this portion of society is particularly exposed to rental increases, coupled with the reductions in housing benefit¹⁰. The consequence is an increase in poverty for the poorest part of the population.

The shortfall in social housing

Housing has become unaffordable for a wide range of the population, with the average house costing almost eight times average earnings. The challenge of affordability has been dealt with by recent governments by concentrating on helping those who are unable to buy their own home, rather than addressing the need for more social- and affordable-rent homes for people in the greatest need. Government subsidy has been provided for schemes such as Help to Buy, which have had the impact of fuelling demand for new homes but not addressing supply issues.

Hidden in the policy debate over the last few years on affordable housing has been the loss in supply of genuinely affordable social-rent homes (typically set at or below 50% of market rent). The Chartered Institute for Housing estimates the loss of **122,000** existing social-rent homes between 2016 to 2020 as a result of converting to the higher affordable-rent model, the Right to Buy and demolition of properties¹¹.

“the housing market in this country is broken, and the cause is very simple: for too long, we haven’t built enough homes”

⁶ Planning for the right homes in the right places: consultation proposals. Department for Communities and Local Government, September 2017. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/644955/Planning_for_Homes_consultation_document.pdf

⁷ Fixing our Broken Housing Market. Department for Communities and Local Government, February 2017. <https://www.gov.uk/government/publications/fixing-our-broken-housing-market>

⁸ DCLG, 2016, Affordable Housing Supply: April 2015 to March 2016 England. Department for Communities and Local Government, 17 November 2016. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/569979/Affordable_Housing_Supply_2015-16.pdf

⁹ DCLG, 2017, Affordable Housing Supply: April 2016 to March 2017, England. Department for Communities and Local Government, 9 November 2017. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/657902/Affordable_Housing_Supply_2016-17.pdf

¹⁰ Chapman, B., 2017, Housing benefit cuts making system ‘irrelevant’ as families battle soaring rents. The Independent, 13 October 2017. <http://www.independent.co.uk/news/business/news/housing-benefit-cuts-government-system-irrelevant-low-income-families-claimants-high-rent-a7998116.html>

As well as providing homes for those without jobs and our most vulnerable in society, such as single-parent families, these homes underpin the economy, especially in higher value areas, providing homes for key workers such as nurses, teachers and care workers, at rent levels that provide them with a sustainable way to continue to live in these areas. More of these key workers are being pushed into the largely unregulated private rented sector, with teachers an example of those finding themselves with the option of relocating or being made homeless¹².

The results of the survey of councils across England provides clear evidence of the need for more social-rent homes, with over half of the councils surveyed saying that they are in the greatest need of this housing tenure (see fig. 5).

Which type of housing is in greatest need in your local authority area?

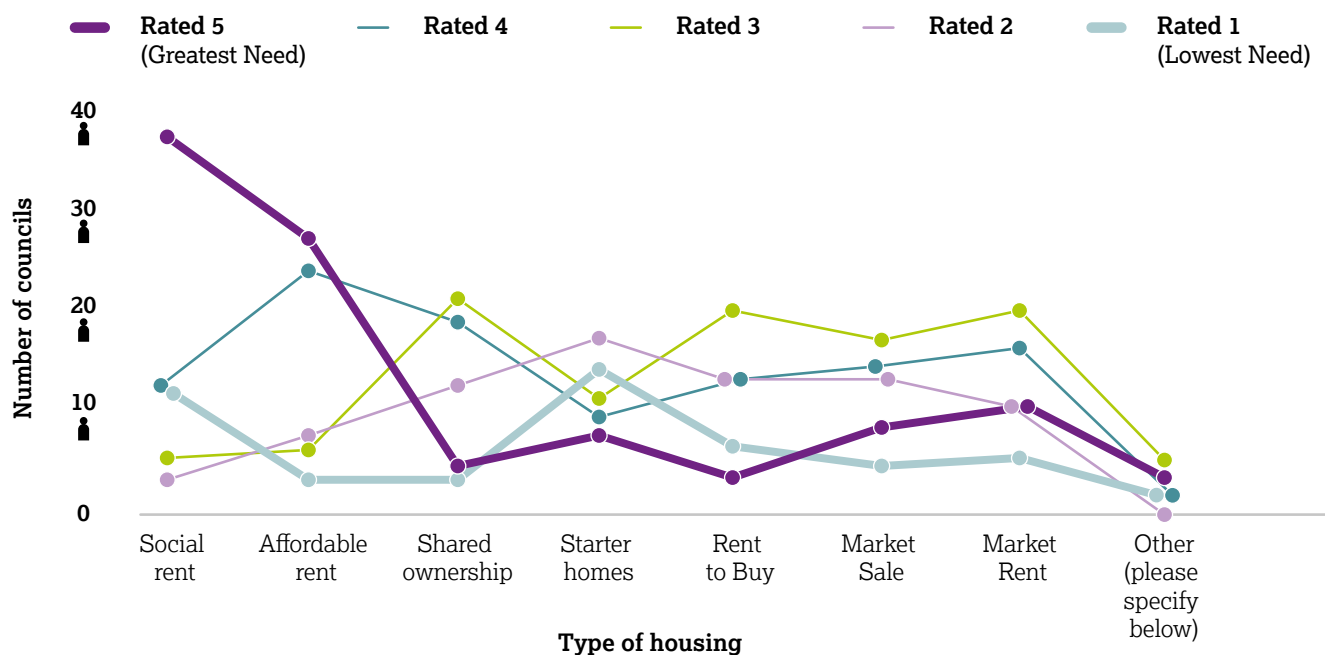


Figure 5 – Survey of 76 councils, ‘Which type of housing is in greatest need in your local authority area?’ 51% of councils rated social rented housing as being in greatest need.

¹¹ Chartered Institute for Housing, 2017, Nearly 250,000 of the cheapest rented homes will be lost between 2012 and 2020. Chartered Institute for Housing, 18 January 2017.

http://www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/Nearly_250000_of_the_cheapest_rented_homes_will_be_lost_between_2012_and_2020

¹² Ferguson, D., Homeless teachers: I wouldn’t talk about it, I was so ashamed. The Guardian, 23 May 2017. <https://www.theguardian.com/education/2017/may/23/homeless-teachers-ashamed-housing-crisis-professionals>

2.2

The changing policy context

The policy landscape for housing and planning has changed considerably during the course of this project, shifting from a dominant narrative and a focus on homeownership and planning deregulation to a recognition that the housing market is “broken” and that more social and affordable homes are needed.

While this project focuses on a ten-month period, between February and November 2017, it is important to note the far-reaching policy and legal changes of housing, planning, benefit provision and regeneration funding seen since 2010.

As highlighted in a 2017 study by the TCPA for the Association for Public Service Excellence (APSE), “The cumulative effects of these measures have changed the ability of local authorities to deliver affordable homes, as well as affecting the wider role of councils in place-making.”¹³ Two previous research reports by the TCPA for the APSE, *Housing the Nation: ensuring councils can deliver more and better homes* and *Homes for all: ensuring councils can deliver the homes we need*, provide a detailed overview of the housing and planning policy changes between 2010 and 2016 (this content is not repeated here).



¹³ Building homes, creating communities. TCPA with Association for Public Service Excellence, May 2017.
<https://www.tcpa.org.uk/building-homes-creating-communities>

The below table provides a **timeline of the major political announcements, policies and legislation** related to affordable housing and planning between February 2017 and November 2017.

Date	Political announcements, committee reports, policies and legislation
7th February 2017	DCLG publish the housing white paper, Fixing our broken housing market.
18th April 2017	Prime Minister, the Rt Hon Theresa May MP, calls a snap general election. Political parties publish manifestos in the coming weeks with a focus on housing, including the role of councils in delivering homes of all tenures.
29th April 2017	Communities and Local Government Committee publish Capacity in the Homebuilding Industry.
8th June 2017	General election.
14th June 2017	Grenfell Tower tragedy (not a policy announcement, but an important milestone in the debate about the future of social housing).
14th September 2017	DCLG publish Planning for the right homes in the right places consultation, including a number of proposals in the housing white paper.
17th September 2017	Communities and Local Government Secretary, the Rt Hon Sajid Javid MP, makes a speech committing the government to publishing a green paper on social housing.
2nd October 2017	Prime Minister, the Rt Hon Theresa May MP, announces an additional £10 billion for Help to Buy at the Conservative Party Conference.
4th October 2017	Prime Minister, the Rt Hon Theresa May MP, announces an additional £2 billion for affordable housing and a new social-rent settlement from 2020 at the Conservative Party Conference.
22nd November 2017	Autumn Budget confirms the further £2 billion of funding for affordable housing announced in October and lifts Housing Revenue Account borrowing caps for councils in areas of high affordability pressure, so they can build more council homes.

Table 1 - Political announcements, committee reports, policies and legislation during the course of the project

Housing white paper

The policies and announcements detailed in **table 1** have a significant impact on how councils plan and deliver affordable housing. Other funding, policy and legal changes – such as measures included in the Housing and Planning Act 2016 and various welfare reforms – determine a council's ability to secure social and affordable housing. However, in the context of this research project, the main focus has been the housing white paper, published in February 2017, which sets out a portfolio of solutions to the complex problem of meeting housing need in England.

The housing white paper has four chapters. The first two chapters relate to the further proposed reforms of planning for housing and were open to consultation. Of specific relevance to this project was the proposed expansion of the National Planning Policy Framework (NPPF) definition of affordable housing to now include “a range of low-cost housing opportunities for those aspiring to own a home, including starter homes” (paragraph A.119 of the housing white paper).

Chapters 3 and 4 of the housing white paper were not open to consultation. These chapters set out policies and measures to diversify the housing market in a way which has relevance to a council's ability to deliver social and affordable housing, including:

- *support for local authorities and housing associations to build more homes;*
- *encouraging councils to build homes;*
- *support for small and medium-sized builders to grow, including through the Home Building Fund; and*
- *A boost for custom-build homes, with greater access to land and finance.*

Recognising the role that councils can play in directly delivering new homes, the housing white paper includes a section on “backing local authorities to build” and states that:

“Local authorities’ role in delivering new housing goes beyond using their planning powers. They also have an important role in delivering homes themselves. We want to make sure that they have the tools they need to get homes built where the market isn’t coming forward with enough.”¹⁴

(paragraph 3.27 of the housing white paper)

Local government has also received support for delivering more community led housing. This has included the Community Housing Fund, which was established with **£60m as an annual fund** to help councils tackle the problem of high levels of second-home ownership in their communities. This funding is being used by councils such as Northumberland County Council (featured as a case study in part 3 of the report) to build capacity with local groups to establish community housing vehicles and to finance the delivery of housing.¹⁵

¹⁴ **Fixing our Broken Housing Market. Department for Communities and Local Government, February 2017.**
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf

¹⁵ **DCLG, 2016, £60m boost for communities affected by second home ownership, Department for Communities and Local Government press release, 23rd December 2016.**
<https://www.gov.uk/government/news/60-million-boost-for-communities-affected-by-second-homeownership>

2.3

The role of local government in solving the crisis in housing affordability

The private sector plays an important role in delivering the homes we need, but since councils stopped building on a large scale there has consistently been a major shortfall in house building. Housing associations have gone some way to meeting this shortfall, but not as far as is needed. Councils used to make a major contribution to the number of homes built - as recently as the 1980s councils built **over 88,500 in a single year** - but this figure is currently now **less than 2,000**.¹⁶ Over the past few years, there has been more evidence of councils seeking to return to their previous role as builders of new homes.

There has been a large increase in the number of councils setting up local housing companies and entering into new joint ventures. The housing white paper sets out specific support for local authority innovation, including local housing companies and joint ventures:

“Increasingly and across the country local authorities are using innovative new models to get homes built in their area. There are a number of good examples of Local Development Corporations, local housing companies and/or joint venture models building mixed sites, which include new market housing for sale or private rent, as well as affordable housing. We welcome innovations like these, and want more local authorities to get building. To that end we will seek to address the issues that hold them back. However, we want to see tenants that local authorities place in new affordable properties offered equivalent terms to those in council housing, including a right to buy their home”

(paragraph 3.28 of the housing white paper).

However, a House of Commons Communities and Local Government Committee report published in April 2017 found that knowledge of these new local authority models and their potential for change is limited:

“We welcome all efforts by councils to be innovative and explore alternative delivery models such as joint ventures and arms-length local authority trading companies. However, we are concerned that with so many different approaches across the country, there is a risk that best practice is not shared and that resources could be used inefficiently.”¹⁷

The housing white paper makes clear that Right to Buy rules will apply to local housing companies that are delivering affordable homes. The recent expansion in the use of innovative delivery by local councils has been a positive development in the diversification of housing delivery. The core incentive for many of these companies and joint ventures has been to use local authority assets to develop housing schemes that meet an urgent housing need. Since under the expansion of the Right to Buy this housing could no longer be secured over the long term, one of the incentives for this type of innovation is removed. Central imposition of the Right to Buy on this new sector would be counterproductive in the overall drive for affordable housing delivery (see recommendations in part 4).

¹⁶ DCLG, 2017, Live Table on House Building 241: ‘Permanent dwellings completed, by tenure, United Kingdom, historical calendar year series’. Department for Communities and Local Government. www.gov.uk/government/statistical-data-sets/live-tables-on-house-building

¹⁷ Communities and Local Government Committee, 2017, Capacity in the Homebuilding Industry. Tenth Report of Session 2016-17. Communities and Local Government Committee. House of Commons, April 2017. www.publications.parliament.uk/pa/cm201617/cmselect/cmcomloc/46/46.pdf

2.4

Affordable homes programme

The Autumn Budget confirmed a further **£2 billion** of funding for affordable housing which was announced in October by the Prime Minister, including funding for social rented homes. It is expected that this will provide at least 25,000 new affordable homes. The housing white paper also sets out an “expanded and more flexible Affordable Homes Programme”, stating that:

“ The 2016-21 Affordable Homes Programme was originally designed to focus on delivering shared ownership. Now we have opened up the programme, [therefore] relaxing restrictions on funding so providers can build a range of homes including for affordable rent.”

This shift in policy has been broadly welcomed in the social-housing sector, but there have been questions about how much subsidy will be available for social-rent homes in comparison to the higher affordable-rent levels. At the Conservative Party Conference in October 2017, the Prime Minister Theresa May announced:

*“ We will invest an additional £2 billion in affordable housing – taking the government’s total affordable housing budget to almost £9 billion. We will encourage councils as well as housing associations to bid for this money and provide certainty over future rent levels. And in those parts of the country where the need is greatest, allow homes to be built for social rent, well below market level - getting government back into the business of building houses. A new generation of council houses to help fix our broken housing market.”*¹⁸

This pledge marks a significant shift in government policy, recognising the need for further investment in social housing as part of the spectrum of housing required. It also responds to the requests from the social-housing sector for greater clarification on rent levels, to ensure that longer-term investment decisions can be made in more social and affordable housing. The challenge now is for the forthcoming green paper on social housing, announced in a speech by the Rt Hon Sajid Javid MP on the 17th September, to follow through with this commitment and provide certainty about funding and define the role of councils in delivering genuinely affordable housing.

¹⁸ May, T., 2017, Theresa May’s speech to the Conservative Party Conference, 4 October 2017. <https://www.conservatives.com/sharethefacts/2017/10/theresa-mays-conference-speech>

2.5

Opportunities for local government to innovate to deliver more affordable homes

The government recognises that councils are part of the solution to fixing the “broken” housing market in England. Councils are in a unique position as the only organisation locally with statutory responsibilities for planning, together with powers available to them to build new homes. This puts them in a powerful position to address local housing needs as part of a wider focus on regeneration and place making.

However, as the policy analysis has shown, there are limitations on a council's ability to build new homes due to significant restrictions on their ability to borrow and use their Housing Revenue Account (HRA), together with rules on use of receipts from sales of council housing stock through the Right to Buy. While the self-financing arrangement agreed in the reform of the HRA in 2012 did encourage councils to build again, the number of new council homes delivered through this system has been limited.

A positive consequence of the current policy framework has been the stimulus for ambitious and entrepreneurial councils to innovate and explore different models and partnership to deliver affordable housing outside the traditional HRA route, including the establishment of local housing companies (as explored in worksheet 1 of part 3). The other worksheets explain other approaches that have been taken by councils using the powers available to them.

The Autumn Budget commitment to lifting the HRA borrowing cap on councils in areas of ‘high affordability pressures’ is welcome, but should be extended to all authorities with housing stock to help them maximise their potential as a major contributor for meeting the shortfall in supply of affordable housing.





3

Part 3

Case studies of innovation

Introduction

The project highlights a wide range of new approaches being taken by councils to deliver affordable housing across the country. The scale varies significantly. While some councils are entering joint ventures on large sites, others are building on a number of smaller infill sites across the local authority area, others through the use of their Housing Revenue Account, and others via newly established local housing companies.

Through the survey, seminars and pilot workshops, many of the councils identified a need for new partnerships to complement the skills and resources offered by councils to fill the gap in capacity to deliver affordable homes. The challenge of the crisis in affordable housing has led to opportunities for new relationships to be formed to tackle the shortfall in supply. This has included building relationships with community groups, such as supporting Community Land Trusts, or helping fund community groups to build on empty homes.

The following worksheets have been produced to highlight some of the models being trialled by councils, with case studies for each. The results of the online survey of councils are included within the worksheets to show the appetite within local government for different models and approaches. As highlighted in these case studies, many councils are using several different approaches to address affordable housing need. Common to all the models described in these worksheets is strong interdepartmental working within the councils to pool together knowledge and expertise and achieve shared goals.

As well as practical delivery of affordable homes, some of the case studies show instances of councils taking a new perspective on affordability within policies and strategies, recognising that the current definition of affordable housing in central government policy is not working for them (see section 2.2 on the housing white paper). There are instances of councils linking affordability to earnings, rather than using the existing national approach and linking it to the housing market.

Worksheet 1

Local housing companies/joint ventures

Local housing companies/ joint ventures

Introduction

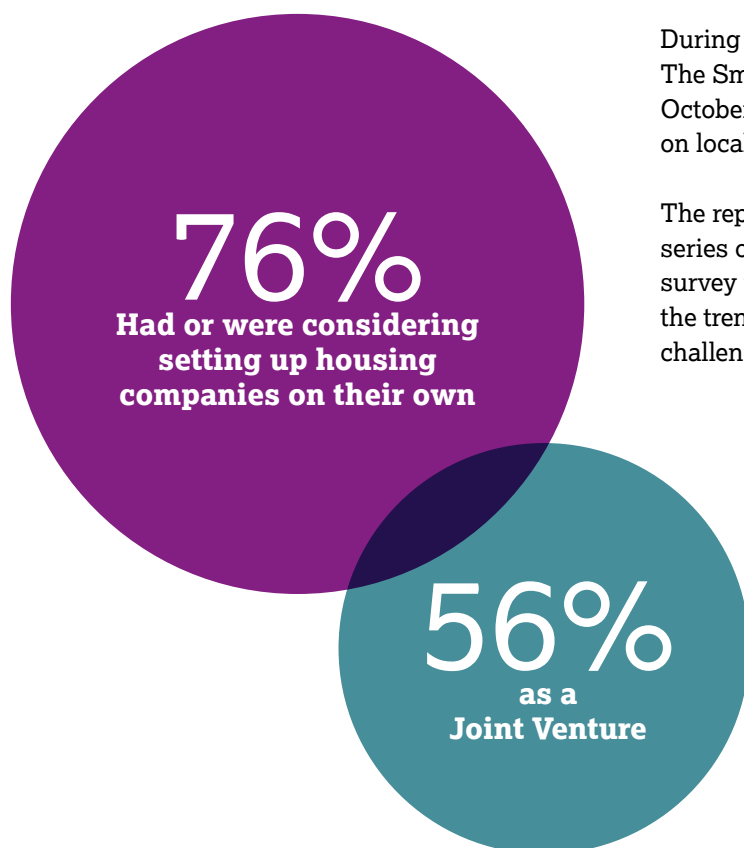
There has been a recent surge in local authorities establishing housing companies, either on their own or in partnership. This is largely because of constraints on delivering new council homes within the Housing Revenue Account (HRA). The online survey (see fig. 4) showed that **76%** of the councils that responded already had or were considering setting up housing companies on their own. Further, **56%** of the councils surveyed already had or were considering setting up housing companies as a joint venture.

Role of local authorities

A myriad of different approaches is being taken to new local housing companies, with sources of funding, scale and types of housing varying between councils depending on local needs and political priorities. In terms of motivations, the survey asked why councils were considering housing companies. It found that financial return was rated highest among councils as the reason for establishing new companies (see fig. 5). Despite evidence showing that social rent (see part 2.1) is the most in-demand housing tenure among local authorities, building these is not their main priority when establishing these companies.

During this project, the TCPA has worked with The Smith Institute, which launched a report in October 2017 about the findings of their research on local authority housing companies.¹⁹

The report by The Smith Institute is the result of a series of seminars, round table discussions and a survey undertaken with the TCPA, and examines the trends, types, forms, roles, achievements and challenges facing local housing companies.



¹⁹ Delivering the renaissance in council house building: the rise of local housing companies. The Smith Institute, October 2017.
<http://www.smith-institute.org.uk/book/delivering-renaissance-council-built-homes-rise-local-housing-companies/>

Survey findings

Do you currently have, or are you considering, any of the following to support the delivery of new housing (please tick all that apply?)

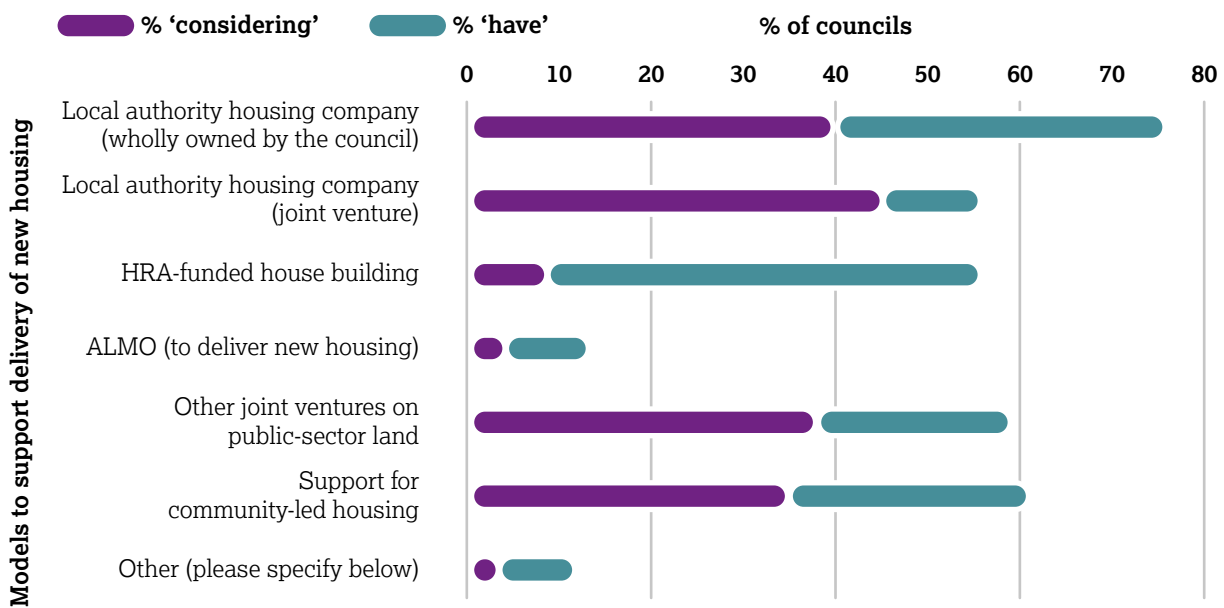


Figure 6 - Survey of 76 councils, 'Do you currently have, or are you considering, any of the following to support the delivery of new housing?'

Local housing companies (wholly owned or joint venture)

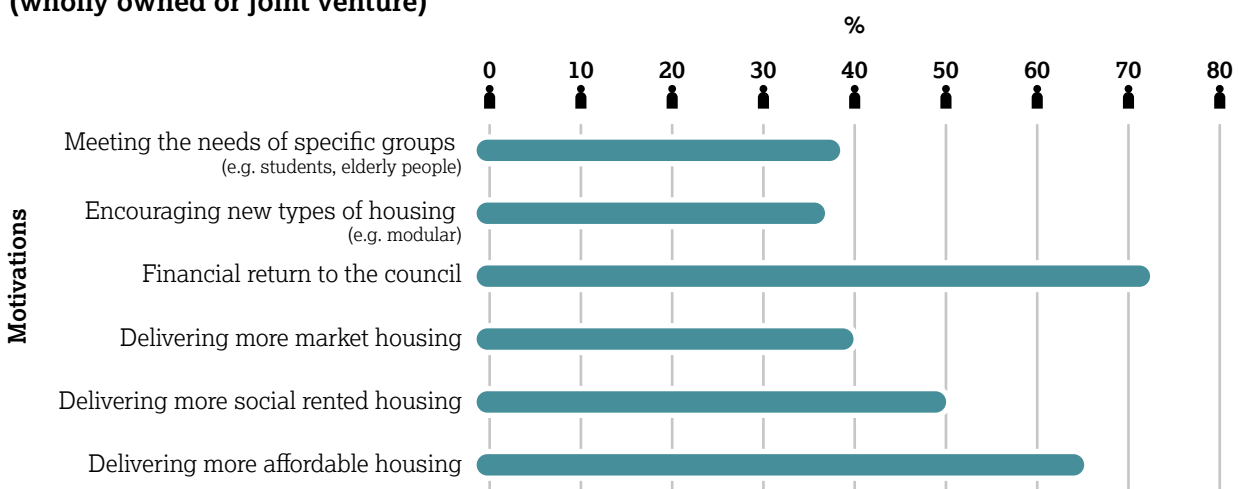


Figure 7 – Survey of 76 councils, 'What are the motivations for considering housing delivery through local housing companies?'

Worksheet 1

Local housing companies/joint ventures

Case Study Birmingham City Council

Context

Birmingham is the UK's largest city outside London. Over the last 10 years, the city has been revitalised through economic restructuring, estate regeneration and transformation of its environment. Flagship schemes such as **Grand Central Station**, the new **Library of Birmingham**, the bid to host the **Commonwealth Games in 2022** and the planned **High Speed 2 railway line** have raised the city's profile on the international stage. By 2031, Birmingham's population is expected to grow by **150,000**, evidence of its growing prosperity.

The City's Adopted Development Plan, published in January 2017, states that:

“it will be important that this growth is supported by high quality and affordable homes that integrate with communities, help reduce overcrowding and provide access to services and jobs”²⁰.

The council is seeking to meet its affordable housing target through making the best use of public subsidy available, directly building new council housing and exploring partnership opportunities to increase supply.

Models for delivering affordable housing

Birmingham Municipal Housing Trust

Birmingham City Council is taking an active role in delivering new homes through a variety of means. Particularly noteworthy has been the work of the city council to secure the delivery of social rented housing through the Birmingham Municipal Housing Trust, set up in 2009. The council is a major landowner in the city, and owns a significant stock of housing.

The trust is part of the council and works in partnership with private developers, acting as a vehicle for the council to develop social rent and market sale housing, on council sites of a large and small scale. Between 2009 and 2017, the trust has built a total of **2,571 new homes** – **1,493 for rent** and **1,078 for sale**.

Through the trust, the council has developed more new council homes since 2009 than any other local authority in the UK. It has built 19% of all new homes delivered in the city in this time, and is currently developing 900 homes on 19 sites across the city.

Houses built by the trust have also funded the Building Birmingham Scholarship, which provides education, employment and training opportunities for young people looking to pursue a career in the construction and built environment industries²¹.

²⁰ Birmingham City Council, Adopted Birmingham Development Plan 2031, January 2017.
https://www.birmingham.gov.uk/downloads/file/5433/adopted_birmingham_development_plan_2031

²¹ https://www.birmingham.gov.uk/info/20139/support_for_business/447/building_birmingham_scholarship

InReach

The council has also set up **InReach**, a wholly-owned housing company to develop homes for market rent. The council provides loan finance to the company on commercial terms, and disposes of land to InReach with the aim to drive housing growth and improve standards in the private rented sector. The key feature of this model is that the council sells land to InReach, which then builds out the sites with new private rented sector homes.

The first new build scheme of 92 apartments developed under this programme will be completed early in 2018, and schemes totalling a further 300 new homes are in development. The council is seeking to expand the operation of InReach by selling council homes to the company, with the sale of the properties generating receipts to fund the construction of new replacement social rented homes – which will have higher standards of design and energy efficiency than the homes they replace.

The company also has the potential to repurchase properties previously sold by the council under the Right to Buy, to be let out at market rents.

Lessons for other councils

In the case of Birmingham City Council, there is a well-defined separation between the roles of the housing company, which is improving the housing offer in the private rented sector, and that of the Birmingham Municipal Housing Trust, which has an emphasis on the delivery of social rented cross-subsidised by market sale homes.

The development programmes of both vehicles are characterised by an emphasis on high quality design and placemaking.

The approach across the models is integrated and the delivery vehicles are designed to complement one another.

The achievements of the council through building new social rented homes have highlighted what can be achieved through strong leadership and a determination to give support to some of the most vulnerable people in society.

Worksheet 1

Local housing companies/joint ventures

Case Study Brighton and Hove City Council

Context

Brighton and Hove is described in its housing strategy as:

“a place of contrast, with areas of extreme affluence and areas of deprivation where residents can experience significant inequality compared to the rest of the city in terms of access to suitable housing, employment, health and life expectancy”.

One of the three overarching priorities in the strategy is improving housing supply, and the strategy explains the focus that the council has on meeting affordable housing needs including social rent, affordable rent and low-cost home ownership²².



Credit: Brighton and Hove City Council

Models for delivering affordable housing

New Homes for Neighbourhoods

In similarity to other councils, Brighton and Hove City Council faces the challenge of a lack of affordable social housing being delivered through the planning system and by registered providers due to falling grant levels. The council has responded by initiating a **“New Homes for Neighbourhoods” programme** to develop new affordable-rent council homes on council-owned land. The council is using small and medium infill sites of council land such as former offices, garages and car parking sites. The aim is for the council to build at least 500 new homes across the city, all of which will be let to people on the council’s housing register²³.

Brighton Living Wage Joint Venture

In October 2017 final approval was given to a **£118m Joint Venture** between the council and Hyde Housing to build **1,000 homes** – **500 to rent** (based on National Living Wage levels) and **500 to buy** as shared-ownership properties for local residents²⁴.

The main aim of the project is the provision of lower-cost rental housing, with the potential to generate a long-term income for the council through funding returns and/or a margin through lending from the council²⁵. The intention is that this type of approach will challenge the existing definition of affordability by linking it with incomes rather than the housing market.

²² Housing Strategy 2015. Brighton and Hove City Council.

<https://www.brighton-hove.gov.uk/sites/brighton-hove.gov.uk/files/Housing%20Strategy%202015%20%28FULL%20COUNCIL%20FINAL%29.pdf>

²³ Brighton and Hove City Council, ‘New homes for neighbourhoods update’, October 2017.

https://www.brighton-hove.gov.uk/sites/brighton-hove.gov.uk/files/New%20Homes%20for%20Neighbourhoods%20Update%20October%202017_0.pdf

²⁴ Brighton and Hove City Council, 2017, Key stage in delivery of 1,000 affordable homes, Brighton and Hove City Council press release, 26 September 2017.

<http://www.brighton-hove.gov.uk/content/press-release/key-stage-delivery-1000-affordable-homes>

²⁵ Brighton and Hove City Council, ‘Minutes from the Policy Resources & Growth Committee meeting’, 12 October 2017.

[https://present.brighton-hove.gov.uk/Published/C00000912/M00006704/\\$\\$ADocPackPublic.pdf](https://present.brighton-hove.gov.uk/Published/C00000912/M00006704/$$ADocPackPublic.pdf)

Lessons for other councils

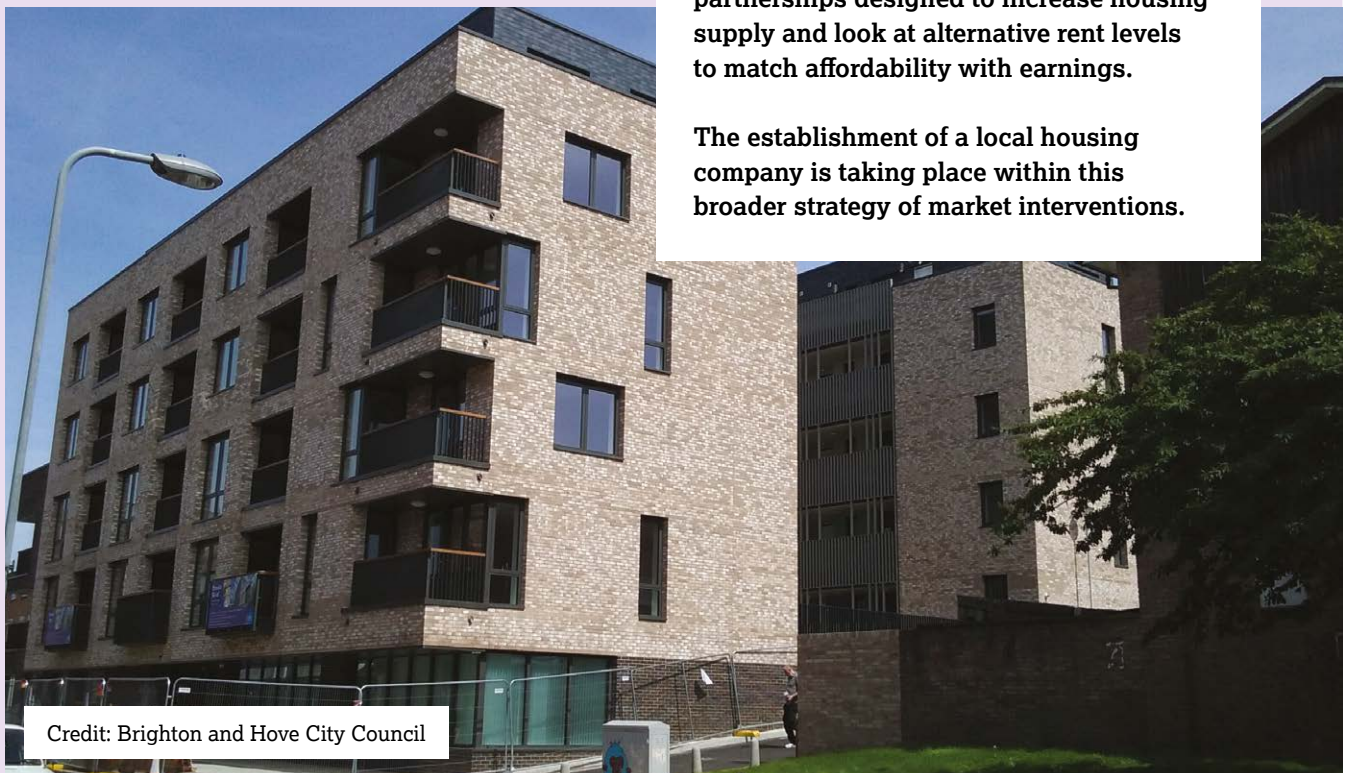
Local housing company

The council is also considering establishing its own local housing company, which could, among other options, become a vehicle for delivering the existing New Homes for Neighbourhoods Programme (p.38) if funding constraints restrict the Housing Revenue Account's ability to continue it. The local housing company may also be used to deliver additional homes in other ways such as intervening in the housing market by purchasing homes off-plan²⁶.

Brighton and Hove City Council is taking a holistic approach to the provision of new affordable housing through a range of innovative means, as well as maximising the potential of its Housing Revenue Account.

The council has developed new skills and mobilised its existing teams to develop an effective delivery programme, with early and extensive engagement of residents to deliver difficult and constrained sites. This approach has included entering into new partnerships designed to increase housing supply and look at alternative rent levels to match affordability with earnings.

The establishment of a local housing company is taking place within this broader strategy of market interventions.



Credit: Brighton and Hove City Council

²⁶ Brighton and Hove City Council, 'Housing Delivery Options – Wholly Owned Company'. Report to Housing & New Homes Committee, 16 November 2016. [https://present.brighton-hove.gov.uk/Published/C00000884/M00006161/AI00054646/\\$20161117100932_009846_0040611_HousingDeliveryOptionsWhollyOwnedHousingCompanyMR281016.docx.pdf](https://present.brighton-hove.gov.uk/Published/C00000884/M00006161/AI00054646/$20161117100932_009846_0040611_HousingDeliveryOptionsWhollyOwnedHousingCompanyMR281016.docx.pdf)

Worksheet 1

Local housing companies/joint ventures

Conclusion and next steps

These two case studies are examples of councils using local housing companies as part of several approaches to meeting affordable housing need. Different models of delivering affordable housing have their own benefits – and these case studies are looking to harness the benefits of a local housing company as well as other solutions. In this instance the councils have been clear about the intentions of the housing company as opposed to other delivery vehicles.

Local housing companies have the potential to make a major contribution to meeting housing need, maximising council land assets and creating a new supply of housing to fill the gap in local need. However, the survey findings show that councils need to be clear early on about the motivations of these new companies, and avoid the costly and time-consuming process of establishing one unless it is part of a coherent, broader strategy to meet housing need.

The feedback received by councils during this project is that the government must provide clarity to them about the treatment of housing companies and the support that will be available to them, in particular with regard to the application of the Right to Buy policy.

There is a need for good practice to be shared by councils in the establishment of housing companies, with scope for time and savings from this exercise. Regional networks such as the South East Housing Company and Delivery Vehicle Network, established by South East England councils, have the potential to provide support for council officers and members²⁷.

²⁷ See the South East England Councils', 'South East Housing Company and Delivery Vehicle Network' webpage at <http://www.secouncils.gov.uk/meetings/workshops-conferences/se-housing-company-delivery-vehicle-network/>

Worksheet 2

Empty Homes

Empty Homes

Introduction

Councils across the country are faced with problems caused by empty homes. These can have a negative impact on the local area, and represent a missed opportunity to meeting housing need. Statistics produced by the Department for Communities and Local Government (DCLG) puts the number of long-term (more than six months) empty homes in England at **200,145**. A House of Commons briefing paper states that “high levels of empty properties are recognised as having a serious impact on the viability of communities. Consequently, it has been identified that dealing with empty properties can have social, regenerative, financial and strategic benefits.”²⁸

Role of the local authority

Local authorities have a range of powers and incentives at their disposal to bring empty homes back into use. These include, but are not limited to, Empty Dwelling Management Orders, council tax exemptions and premiums, enforced sales, compulsory purchases and measures to secure the improvement of empty properties²⁹.

Work by the charity **Empty Homes** has shown that the highest percentage of homes empty for longer than six months can be found in the North East, North West and Yorkshire and Humber regions³⁰.

Survey findings

What are the main motivations for considering community led housing?

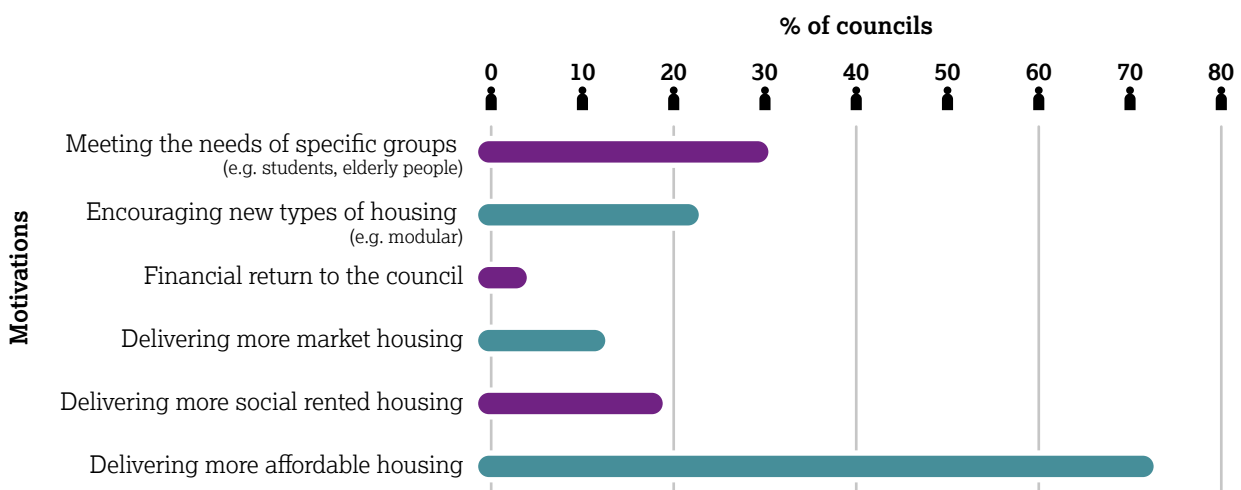


Figure 8 – Survey of 76 councils, ‘What are the main motivations for considering community led housing?’

²⁸ Wilson, W. et al: **Empty Housing (England)**. House of Commons Briefing Paper SN03012. Homes of Commons, June 2017. <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN03012#fullreport>

²⁹ *ibid*

³⁰ **Empty Homes in England**. Empty Homes, September 2016. <http://www.emptyhomes.com/assets/empty-homes-in-england-final-september-2016.pdf>

Worksheet 2

Empty Homes

Case Study Leeds City Council

Context

Leeds is the UK's third largest city, with a population of around **750,000**.

The housing strategy for **Leeds City Council** sets out their ambitions for:

“effectively meeting affordable and social housing need, promoting independence and creating sustainable communities to make Leeds the best place to live”.

Social rented housing is in severe need in the city, with almost **24,000 applicants** on the Leeds Homes Register in 2016³¹. The Leeds Core Strategy sets out the need for **1,158 new affordable homes per annum**³².

Models for delivering affordable housing

Empty homes strategy

As well as leading its own programme for 1,000 new council homes³³, Leeds City Council recognises the important role of empty homes in meeting the need for social- and affordable-rent housing. The empty homes strategy is rooted in the ambition of the council to have a strong economy and to be a compassionate city. The strategy states that once homes become empty for a long time, they are a wasted resource, a potential blight on the community and a cost to the council. As part of their core planning strategy between 2012 and 2017, the council aimed to reduce the net number of long-term empty homes by 2,000. **It surpassed this target and achieved a net reduction of 2,445 in five years.** The outcome has been an increased number of affordable, supported homes for vulnerable individuals and families³⁴.

³¹ Leeds City Council Housing Strategy 2016-2021. Leeds City Council, October 2016.
<http://www.leeds.gov.uk/docs/Housing%20Strategy%20October%202016.pdf>

³² Leeds Core Strategy. Leeds City Council, November 2014.
<http://www.leeds.gov.uk/SiteAllocationMaps/Core%20Strategy/Adopted%20Core%20Strategy%20Final%20Nov%202014.pdf>

³³ Leeds City Council Housing Strategy 2016-2021. Leeds City Council, October 2016.
<http://www.leeds.gov.uk/docs/Housing%20Strategy%20October%202016.pdf>

³⁴ *ibid*

Funding community groups to refurbish empty homes

To achieve this, the council has taken a multi-faceted approach to addressing empty homes. The council has financed work on empty properties and undertaken compulsory purchase action where necessary. In addition, it has worked with partners in the community led housing sector to access extra funding from government to create new affordable homes (over £5m additional funds have been secured through this route). Through securing long-term leases, property purchases and funding support, the organisations work with long-term-unemployed people to undertake renovation works to homes. The properties are refurbished as high-standard homes and charged at social and affordable rents. Once completed, the renovated homes are let to people working with these organisations, many of whom have previously been homeless. As part of the council's financial support to the sector, funding of £900,000 was secured through Right to Buy replacement funding to refurbish 22 empty properties³⁵.

Describing a scheme in the Bramley area where an empty home was let to a family on social rent, the empty homes strategy states:

“ This scheme has multiple benefits: giving a family who were in desperate housing need a new home, brings back into use a house that had been empty for over four years, and bringing the property back into use also has a positive impact on the local area and community.”

Lessons for other councils

The work of Leeds City Council has demonstrated how local authorities can leverage extra investment, working with local community organisations to address affordable housing need and improving the environment by bringing empty homes back into use.

This approach has the ability to secure new social- and affordable-rent homes in perpetuity as well as bringing people back into employment in the process.

³⁵ ibid

Worksheet 2

Empty Homes

Conclusion and next steps

The case study of Leeds City Council has shown the multiple benefits that tackling empty homes can offer.

Cross-departmental working is required to achieve these types of successes, between housing, planning and economic regeneration colleagues in local authorities, and can pay dividends across many political and council priorities.

Further work for councils to be aware of includes that of Empty Homes, the national campaigning charity, which is looking to spread community led regeneration in areas with high levels of empty homes – following demonstration projects where community-based organisations are bringing empty homes back into use³⁶.

The charity is also calling for a new government investment programme specifically targeted at areas with high levels of empty homes to support community based neighbourhood approaches.

³⁶ See Empty Homes' 'Community based approaches' webpage at <http://www.emptyhomes.com/community-based-approaches.html>

Worksheet 3

Great Estates model

Great Estates model

Introduction

Councils are again comparing the short-term benefits of disposing of assets for a one-off capital receipt against the benefits that can be gained through holding onto their land and entering into new development partnerships. This approach can enable the delivery of mixed-tenure housing that matches the council's own needs, and allow the council to set high design standards that set the bar for other developments in the wider area.

There are also potential commercial gains to be made through the development and reinvestment of capital for sustainable, long-term returns as well as the opportunity to cross-subsidise development across a larger area to contribute to wider place making and regeneration objectives.

The 'Great Estates' model is one such approach being trialled by the **London Borough of Harrow** – an adaptation of a model developed in the past by large, private-sector estates.

The council is acting as a master developer and generating a growing income stream to reinvest into council services.

Role of the local authority

Research by the **New Economics Foundation** highlights the problems associated with selling off public land, with as little as 7% of the land used for social housing and the pace of development by private-sector developers remaining slow³⁷.

In contrast, local authorities holding onto land and entering into new partnerships to deliver homes can address local patterns of need, secure value increases of land for future reinvestment and control the marketing and pace of development.

They can also play a much greater role in ensuring high-quality public realm and the connectivity and cohesion of new development within the existing urban grain as part of a holistic approach to regenerating areas. This model of development can also enable councils to play a proactive role in the long-term stewardship of areas.

Councils in England are challenged by government to show that they have a supply of land for new housing as part of their local plan preparation.

Through using their own land, councils can take more control over this process and avoid the uncertainty generated by reliance solely on the private sector, with limited abilities to influence the timing of new development.

³⁷ New Economics Foundation, 2017, 'Selling public land is making the housing crisis worse', New Economics Foundation press release, 3 May 2017. <http://neweconomics.org/2017/03/selling-public-land-making-housing-crisis-worse-new-research/>

Worksheet 3

Great Estates model

Survey findings

What are the main motivations for considering joint ventures (other than local housing companies)?



Figure 9 - Survey of 76 councils, 'What are the main motivations for considering joint ventures (other than local housing companies)?'

Case Study

London Borough of Harrow

Context

Harrow is a borough in North West London. The council's core strategy describes its desirability as a borough to live, work and visit due to its network of town centres, high-quality open spaces and excellent transport links to central London.

However, in similarity to many London boroughs, it also contains pockets of deprivation, and a key challenge facing Harrow is to provide a:

“range of housing including affordable housing to meet the current and future population’s needs, that are of a type, price and mix suitable and accessible to this future need which achieve mixed and balanced communities”.

The **Heart of Harrow Area Action Plan** sets out the vision for Harrow, Wealdstone and the corridor between the two town centres. It has been identified as an opportunity area with growth potential, and is a focus for investment funding and support from the Greater London Authority (GLA).

The Heart of Harrow Housing Zone, which uses the same boundary as the Area Action Plan, has secured **investment of £31.3m from the Mayor of London** to deliver **5,294 new homes**, including **1,545 affordable homes**.

This is double the previous number of homes set out in the original Area Action Plan (AAP).

Investment of
**£31.3m from the
Mayor of London**
to deliver **5,294** new
homes, including
1,545 affordable
homes.



Credit: Stephen Taylor Architects, Allies and Morrison, Sergison Bates Architects

Worksheet 3

Great Estates model

Case Study cont... London Borough of Harrow

Models for delivering affordable housing

The council owns around a third of the land within the “**Opportunity Area**”, including several large housing sites³⁸.

As part of the council’s work, their plan is to move the existing civic centre to a more compact site and use the surplus land for housing. The council’s control over the land has led them to adopt a proactive approach to securing mixed-tenure homes, including affordable housing.

The plan is for the council to deliver around **600 private rented sector** and **800 affordable homes** as part of the wider development.

The council has a **programme of eight sites** within the development. Its **build to rent** programme is being directly delivered by the council, which includes 35% of the homes as **London Living Rent**, which is a third of the average local income.

The remainder of the homes are being delivered as part of a joint venture between the council and the private developer.

The council has established the Regeneration Design and Delivery Unit to deliver the programme of regeneration in the Heart of Harrow Opportunity Areas, carrying out masterplanning and design and building up the capacity for the council to deliver on a number of council-owned sites in the next ten years.

Lessons for other councils

By holding onto land, councils have opportunities for retaining control of their developments, in partnership with private sector developers.

The Great Estates model is an example of this, as exemplified by the London Borough of Harrow.

Key to the delivery of this model in Harrow has been building its skills in programme and project management, adapting its workforce to the needs of the programme.

³⁸ London Borough of Harrow Regeneration Strategy 2016-2026. London Borough of Harrow.
<http://www.buildingabetterharrow.co.uk/wp-content/uploads/2017/04/Harrow-Council-Regeneration-Strategy-2016-2026.pdf>



Credit: Stephen Taylor Architects, Allies and Morrison, Sergison Bates Architects

Worksheet 3

Great Estates model

Conclusion and next steps

As the case study shows, entering into new partnerships on council-owned land can harness the expertise of councils in regeneration and planning, and complement these with the skills and experience of private-sector developers in bringing forward development.

Councils without large, publicly-owned sites for development have options available to them, including intervention in the land market to kickstart development, or the sale of existing high-value buildings, the proceeds of which can be used to reinvest in the regeneration of the wider area.



Credit: Stephen Taylor Architects, Allies and Morrison, Sergison Bates Architects

Worksheet 4

Councils supporting community led housing

Councils supporting community led housing

Introduction

Community led housing is a way of engaging with communities through providing ownership of the development process to local people. The core principle is that the housing is designed and managed by local people and is built for the needs of the community rather than for profit³⁹. Some of the models of community led housing include co-housing, self-help housing, cooperative housing and Community Land Trusts. The approach can help communities to provide their own good-quality affordable homes and can be targeted for certain groups in need.

Role of the local authority

Government initiatives such as the Community Housing Fund have been designed to help communities deliver affordable housing aimed at first-time buyers, particularly in response to issues that high levels of second home ownership have brought in reducing available supply. The funding from this programme is being distributed to councils to allocate to community groups. One third of the funding is being allocated to councils in the South West of England, which is the most popular region for second homes in England⁴⁰.

Survey findings

If you are supporting community-led housing, in what form?

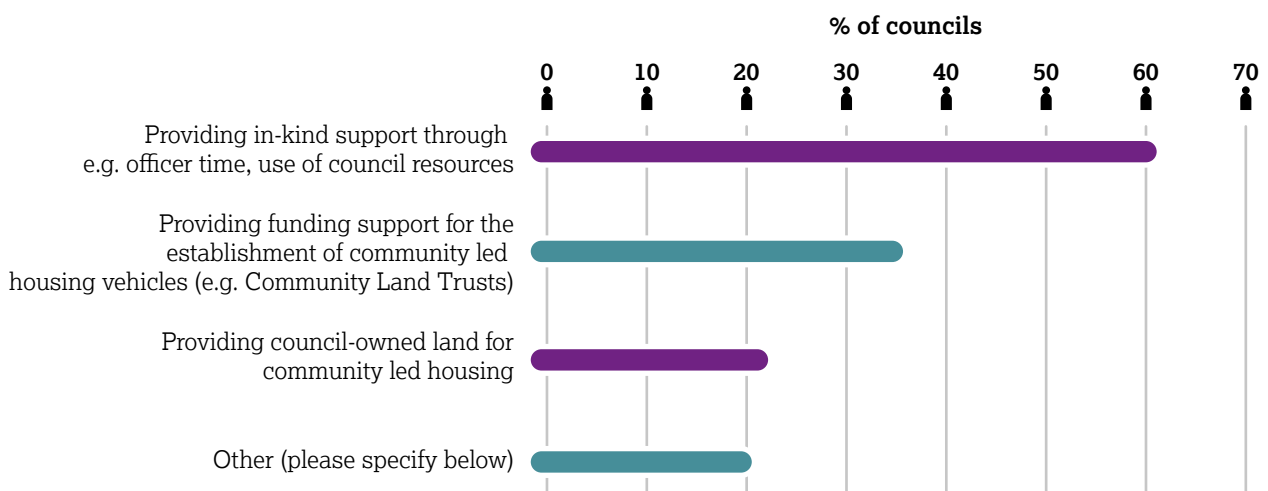


Figure 10 - Survey of 76 councils - 'If you are supporting community-led housing, in what form?'

³⁹ See Locality's 'What is community led housing?' webpage at <http://locality.org.uk/projects/communityled-housing/communityled-housing/>

⁴⁰ DCLG, 2016, '£60 million boost for communities affected by second homeownership', Department for Communities and Local Government press release, 23 December 2016. <https://www.gov.uk/government/news/60-million-boost-for-communities-affected-by-second-homeownership>

Worksheet 4

Councils supporting community led housing

Case Study Northumberland County Council

Context

Northumberland is the northernmost county in England and is predominantly rural. **Northumberland County Council** is a unitary authority.

The county's housing strategy highlights the need to provide additional affordable housing, with a particular focus on improving people's access to affordable housing in rural areas where there is a shortage of supply, particularly where this housing delivery can help boost local communities and economies⁴¹.

Models for delivering affordable housing

One strand of the council's work to secure additional affordable housing includes support for community housing.

In its policy statement, the council states that:

“community led housing is intended to bring social and economic benefits to local communities through the provision of housing which the local community has played a significant part in delivering”⁴².

The council has established a new system to reallocate funding contributed by certain developments for affordable housing (section 106 contributions).

In instances where it is not possible to spend the funding on site, the new system makes the funds available for community groups bidding to help deliver community led housing.

⁴¹ Northumberland County Council Housing Strategy 2013-2018. Northumberland County Council.
<http://www.northumberland.gov.uk/NorthumberlandCountyCouncil/media/Housing/Housing-Strategy-2013-2018.pdf>

⁴² Northumberland County Council Community Housing Fund Policy. Northumberland County Council.
http://committeedocs.northumberland.gov.uk/MeetingDocs/30644_M7894.pdf

Lessons for other councils

The council has received **£1.3m from the government's Community Housing Fund**, which will be used together with this pot of **section 106 contributions**.

The fund is available to communities looking to develop new housing and/or purchase, refurbish and bring back into effective use empty properties.

Through the fund, the council is supporting the development of community led housing groups and feasibility appraisals, as well as the development costs themselves.

The work of the council is helping empower local communities to meet the need for affordable housing in Northumberland.

The council is accessing funding available from government, and the commuted sums from developers, to improve the capacity of local groups and pursue a new way of delivering affordable homes in rural areas.



Credit: Glendale Gateway Trust



Worksheet 4

Councils supporting community led housing

Case Study West Dorset District Council

Context

West Dorset has a population of nearly **100,000 people**. It is an area renowned for its outstanding environment, but the local plan sets out that, despite a high-quality of life enjoyed by most of the residents,

“there is a lack of affordable housing and some issues of rural isolation”.

The average property price is **£350,000**, which is out of the reach of many local people⁴³. The West Dorset District Council and Weymouth and Portland Borough Council Housing Strategy sets out that to address this they “will seek innovative methods of providing new affordable homes”⁴⁴. As well as providing homes for those in greatest need, another challenge requiring more affordable housing is keeping and attracting people of working age in order to sustain economic growth.



Credit: West Dorset District Council

Models for delivering affordable housing

Supporting Community Land Trusts

The council has a **target of 80-100 new affordable homes per year**.

One of the key actions in the housing strategy to help meet this target is to encourage the development of **Community Land Trusts**. The first Community Land Trust (CLT) that was active in West Dorset was at the village of Buckland Newton, a scheme which was completed in 2011.

Following lessons learnt from Buckland Newton, the council worked to form more CLTs, and several rural villages expressed an interest in collaborating with the council to find solutions to their housing problems.

The council worked with the **Wessex Community Assets CLT** project, which provided support and advice to the CLTs. All the CLTs have partnered with housing associations to develop and manage the homes. The model used involves the CLT owning the freehold of the land then granting a 125-year lease to a registered provider, although the lease does contain break clauses.

All the communities that the council have worked with have been different, but a common theme is that they have all wanted to increase the amount of housing which is affordable to local people, ensuring that the communities remain sustainable in the long term.

⁴³ ‘Is this the solution to the housing crisis in West Dorset?’, Bridport News, 29 September 2017. http://www.bridportnews.co.uk/news/lymenews/15556865.Is_this_the_solution_to_the_housing_crisis_in_West_Dorset/

⁴⁴ Joint Housing Strategy 2014-19. West Dorset District Council and Weymouth and Portland Borough Council. https://www.dorsetforyou.gov.uk/media/194736/Joint-Housing-Strategy-2014-19/pdf/Housing_Strategy_2014-19.docx

Lessons learnt

All the homes built so far have been on rural exception sites, defined in the National Planning Policy Framework as:

“small sites used for affordable housing in perpetuity where sites would not normally be used for housing”⁴⁵.

The homes have all been affordable, mostly for rent, and have all received grants from the Homes and Communities Agency to make them viable.

A scheme at **Lyme Regis** is a good example of a site that only a community led approach could have brought forward. It was recommended for refusal by the planning officer, but with the support of the town council and local people the scheme was approved and has generated positive press around affordable housing⁴⁶.

The establishment of CLTs has gained more momentum, and Dorchester, the largest town in West Dorset, has set up a CLT which is showing good potential for the approach to work in urban areas.

The council has found that communities want to make important decisions about the homes built in their area – how many, where they are built, what they look like and who is given priority for the homes – but they do not want the development risk or the long-term commitment of managing the properties.

Partnering with registered providers has allowed the communities this level of input.

The support given by the council to establish community led housing has led to a boost in their popularity and provides a way of securing new homes that would not otherwise be viable.

⁴⁵ National Planning Policy Framework, Department for Communities and Local Government, 2012.
<https://www.gov.uk/guidance/national-planning-policy-framework/6-delivering-a-wide-choice-of-high-quality-homes>

⁴⁶ ‘Is this the solution to the housing crisis in West Dorset?’, Bridport News, 29 September 2017.
http://www.bridportnews.co.uk/news/lymenews/15556865.Is_this_the_solution_to_the_housing_crisis_in_West_Dorset/

Worksheet 4

Councils supporting community led housing

Conclusion and next steps

Community led housing is becoming more popular, and councils and local organisations are beginning to work together more frequently to scale-up delivery⁴⁷.

Community housing has the benefit of helping to make positive arguments for new housing schemes in an area.

The provision of affordable housing through community housing schemes can also make the community feel more comfortable that development is being delivered for the right reasons.

The survey findings show that most councils are supporting community housing through providing in-kind support and funding to help with the establishment of **Community Land Trusts**.

There is the potential for councils to work more closely in partnership with community groups to build affordable housing on council-owned land, including small sites in urban areas.

This can add to the number of affordable homes secured in perpetuity in a local area and create mixed and thriving communities.

⁴⁷ For example, see the work of the York, North Yorkshire and East Riding Strategic Housing Partnership bringing together many local authorities in the area to deliver housing priorities through their joint housing strategy.
<http://www.nycyerhousing.co.uk/>

Worksheet 5

Combined authorities

Combined authorities

Introduction

The **Housing and Planning Act 2016** and the **Cities and Devolutions Act 2016** both set out arrangements for combined authorities.

These are legal bodies formed of two or more local-government areas, most chaired by an elected mayor, with one or more devolution deals⁴⁸.

Combined authorities are regarded by government as being central to its efforts to stimulate economic growth. All of the mayoral combined authorities have plans for economic regeneration through land and development.

Combined authorities
are regarded by
government as being
central to its efforts to
stimulate economic
growth.

Role of the local authority

The creation of a **combined authority** means that a member council can be more ambitious in their joint working and can take advantage of powers and resources devolved to them from national government⁴⁹.

The functions of a combined authority are determined by a combination of local choices and from the outcome of negotiations with government. The agreements for combined authorities contain some common powers; however, there is some variation between the deals negotiated by different areas.

There is potential for combined authorities to play an important role in planning and housing, but there is a current lack of clarity about the exact extent of their powers. Combined authorities will have the power to designate Mayoral Development Corporations and, subject to the approval of the secretary of state, the power to intervene in local plans.

There are unanswered questions about the effectiveness of strategic planning for housing, as combined authorities will not have statutory plan-making powers and therefore the strategic approach will need to be reflected in the local plans of constituent authorities.

⁴⁸ A Short Guide to Local Authorities. National Audit Office, September 2017.
<https://www.nao.org.uk/wp-content/uploads/2017/09/A-Short-Guide-to-Local-Authorities.pdf>

⁴⁹ Combined authorities: A Plain English Guide. Local Government Association, June 2016.
<https://www.local.gov.uk/sites/default/files/documents/combined-authorities-plai-fb6.pdf>

Worksheet 5

Combined authorities

Case Study

Manchester City Council and Greater Manchester Combined Authority

Context

Manchester is described in its core strategy document as:

“the original modern city and the economic engine of the North West”.

The core strategy explains that in recent years housing affordability has become an increasingly important issue for the continued growth of the city. The city's policy on affordable housing is to “provide for a significant increase in high-quality housing provision at sustainable locations throughout the city, to both address demographic needs and to support economic growth”, with an emphasis on providing a good range of high-quality housing, including affordable housing⁵⁰.

The **Greater Manchester Combined Authority** was established in April 2011. It is made up of the ten Greater Manchester councils and the Mayor of Greater Manchester. The councils came together to produce a draft spatial framework for consultation in October 2016 for the development of Greater Manchester, which has a vision for:

“an even more successful Greater Manchester, which can compete on the global stage to attract investment, businesses, workers and tourists”.

According to the draft framework, the delivery of appropriate levels of affordable housing will be fully considered as a priority across Greater Manchester⁵¹.

Models for delivering affordable housing

Manchester Housing Affordability Framework

The Manchester Residential Growth Strategy and Action Plan were adopted in March 2016. These guide the delivery of **25,000 new homes** over the next decade, including the provision of infrastructure as part of a comprehensive approach to improving quality of place.

The strategy recognises the need for a range of affordable-housing products across all housing types to support the continued growth of the city. It looks to increase house building on existing and new sites, with a **strong emphasis on family housing**⁵².

An innovative approach being taken by the council is to adopt its own housing affordability policy, as defined within the **Manchester Housing Affordability Framework**⁵³. This approach takes an average household income across the city and then a standard marker of 30% of that annual income in rent or mortgage repayments to understand what most people can afford. This new definition of affordability applies to the delivery of new housing as well as the management of the existing **68,000 social and affordable homes** owned by both the council and registered providers - a level which the council has committed to maintaining. There is also a focus on spatial and geographical considerations in the provision and type of homes that meet the affordability thresholds across the city, both to help maintain mixed communities and balance housing markets.

⁵⁰ Manchester's Local Development Framework: Core Strategy Development Plan Document. Manchester City Council, July 2012.
http://www.manchester.gov.uk/downloads/download/4964/core_strategy_development_plan

⁵¹ Draft Greater Manchester Spatial Framework. Greater Manchester Combined Authority, October 2016.
https://www.greatermanchester-ca.gov.uk/downloads/file/371/draft_greater_manchester_spatial_framework_-_full_version

⁵² Manchester City Council, 'The Manchester Residential Growth Strategy and 2016/17 Action Plan', Public Report, 2 March 2016.
http://www.manchester.gov.uk/download/meetings/id/20594/item_8_-_manchester_residential_growth_strategy_201617_action_plan

⁵³ Manchester City Council, 'Housing Affordability in Manchester', Public Report, 7th December 2016.
http://www.manchester.gov.uk/download/meetings/id/22163/7_housing_affordability

Lessons learnt

Greater Manchester Combined Authority (GMCA)

In 2012 the combined authority secured a **“City Deal”** with government, setting out a range of bespoke agreements between the government and the GMCA relating to skills and local economy, a low-carbon hub, business transport, trade and investment, housing and transport.

A number of strategic commissions or boards have been established to act as a focus for collaborative working on key, conurbation-wide policy agendas, including a Planning and Housing Commission.

A **“Memorandum of Understanding”** has also been drafted between the Greater Manchester Combined Authority and Greater Manchester Housing Providers, setting out how they will work in partnership to share and disseminate good practice and standards across the Greater Manchester affordable-housing offer. In this agreement, the vision is that “the housing market [of Greater Manchester] will be reshaped to provide sufficient affordable and social housing solutions by a partnership between the combined authority, GM housing providers, the private sector and central government”⁵⁴.

Included in the high-priority work streams of the agreement is the identification of new and sustainable funding sources to support increased supply and tackle infrastructure and gap finances needed for affordable- and social-housing provision, and a review of the supply of land for affordable- and social-housing delivery.

Manchester City Council is leading the way in shaping the future of affordable housing, particularly through linking affordability to income through the new Manchester Housing Affordability Framework, and using a spatial approach for assessing affordable housing need.

Across the wider city region, the **Greater Manchester Combined Authority** is taking a joined-up approach to delivering new affordable housing, through working in partnership with registered providers, developers and central government to set new standards and secure funding sources.

⁵⁴ Greater Manchester Housing Devolution, Growth and Public Service Reform: Memorandum of Understanding, consultation draft. Greater Manchester Combined Authority, May 2016.
https://www.greatermanchester-ca.gov.uk/download/meetings/id/913/11_gm_housing_providers_annex

Worksheet 5

Combined authorities

Conclusion and next steps

Combined authorities offer an opportunity for councils to significantly rethink the relationships that they have with partners to deliver more affordable homes.

They also offer new funding mechanisms and a chance to build at scale and more strategically meet the needs across authorities, taking a spatial approach and adopting their own approaches to affordability.

Each devolution deal is different, and clarity is needed about the powers available to each to lead the way in securing more affordable homes.

Moving forward, there is an opportunity for good practice to be shared across the combined authority areas and to learn from emerging approaches.

The government also needs to give confirmation about the relationship between housing and planning strategies coming forward from combined authorities, and those plans being produced by individual authorities.

Resourcing is also a key issue; for combined authorities to work effectively they must have access to the capacity and skills required.



Credit: Gateshead Regeneration Partnership



4



Part 4

Project findings and recommendations

The activities of the project have uncovered a large amount of evidence about the challenges that councils are dealing with. The scale of engagement has shown that there is a very high level of appetite for councils to play a much greater role in solving the housing crisis. Part 3 has showcased models where councils are creating positive outcomes for people in their area, maximising their capabilities to deliver more high quality affordable housing.

This section summarises the findings from the project, and sets out a series of recommendations to national government about how it can support councils to deliver these models. At a time of significant policy change in planning and housing, the recommendations encourage the government to show ambition and be bold in its support to councils.

4.1

Project findings

The project provides a valuable insight into how councils are responding to the housing crisis, and in particular the lack of affordable housing in their local areas, based on an extensive programme of engagement activities with local authorities across England. The results of the survey give a snapshot of the scale of the issues councils are tackling, why and how new models are coming forward, and how the government could do more to support them.

The case studies presented at the seminars look at good-practice models and explore whether these could be applied across the country. Discussions with the pilot councils have given an important, in-depth perspective on the barriers facing councils and an identification of what councillors and officers believe needs to change to deliver the affordable homes that their areas need.

The findings of the project are summarised below according to the following categories:

1 Council innovation

- *Councils are responding to a lack of delivery by taking proactive new approaches to delivering homes - and there is appetite for them to do much more.*
- *Some councils have developed ambitious Housing Revenue Account (HRA) development programmes, which have been constrained by their HRA borrowing caps but may now have more potential following the Autumn Budget announcements on lifting the caps '...in areas of high affordability pressure'. The limit on Right to Buy receipts funding only up to 30% of the cost of replacement new homes was also highlighted.*
- *It is important to note that few of the new delivery vehicles that councils have set up to build new homes outside the HRA are delivering social-rent homes, despite this tenure being identified in the survey as the greatest need.*
- *There is a mixture of different approaches being taken by councils to set up innovative models of delivery, depending on local circumstances and political priorities.*
- *Some councils are uncertain about the future treatment of local housing companies, including whether they will be subject to the Right to Buy, which is affecting their ability to make investment decisions.*
- *Where innovation is taking place, there is usually strong political and corporate leadership within the local authority, but this sits within different departments in different local authorities (in some councils it is the chief executives and the heads of finance taking the lead and in other councils it is the planners and council leaders).*
- *Confidence within local government varies considerably across the country, with local authorities based in areas of lower economic demand and lower land values being less likely to innovate. There are clearly opportunities in areas of lower economic demand for councils to play a greater role in filling the gap in delivering new homes by using their assets and entering into new partnerships.*



2 Joint working

- *Combined authorities offer opportunities for new approaches, harnessing council assets and offering economies of scale.*
- *Interdepartmental working is key to the delivery of new vehicles.*
- *Partnership working can help councils to focus on what they are good at, combining the best of the public and private sectors and sharing risk and reward.*
- *Joint working across councils can help them be more efficient by avoiding commissioning the same studies, sharing a skills base across the region and pooling available resources.*

3 Strategies

- *Those councils which have an up to date housing strategy and robust evidence about current levels of need are particularly well positioned to play a central role in the delivery of new homes.*

4 Planning for affordable housing

- *Councils spoke about the impact of the current planning system, which is hindering the ability to secure affordable housing, particularly as a result of the viability test. While some councils can secure affordable housing from developers, others cannot.*
- *Councils are taking varied approaches, identified in this report, to define affordability in their plans according to income levels rather than an arbitrary proportion of market price.*

4.2

Recommendations to government to maximise the role of councils

Below is a series of **recommendations to government** based on the research, analysis and engagement undertaken with councils and stakeholders between February and November 2017.

There are a number of opportunities for government to support and enable local authorities to secure the delivery of more social and affordable homes. The forthcoming green paper on social housing offers a unique opportunity to address many of the issues faced by councils in ensuring the delivery of mixed-tenure homes.

There have been indications of a shift towards greater government support for local authorities to get back into the business of delivering homes of all tenures, as set out in the policy analysis in **part 2**.

The Prime Minister's commitment to **extending the government's funding for affordable housing to £9 billion**, as announced at the Conservative Party Conference in October 2017, and the press reports of the Communities Secretary's intentions to borrow more to invest in infrastructure to build new homes⁵⁵ are both welcome steps towards enabling councils to secure the delivery of more social and affordable homes.

At the time this report went to print, the **Autumn Budget** had just been published confirming the further £2 billion of funding for affordable housing announced in October and lifting Housing Revenue Account borrowing caps for councils in areas of high affordability pressure. It is hoped that these recommendations are taken forward in the Autumn Statement, as well as the eagerly awaited **green paper on social housing**, to enable councils to realise their potential to provide much-needed housing in their areas.

The following recommendations have been developed with input from the delegates at the final project round table in October 2017:

National leadership, ambition and investment

Councils identified investment – in particular increasing the grant available to them – as the most significant way the government can support the delivery of more affordable homes.

1 The government has a fundamental role in providing strong leadership and confidence to councils and delivery partners. The Prime Minister's commitment to "a new generation of council and housing association homes" is to be welcomed along with the additional £2bn investment which will support 25,000 homes at an "affordable-rent" level⁵⁶. However **significantly more government investment is required in homes available for social rent and other affordable tenures if we are to deliver the step change necessary to meet our nation's housing need.**

2 **The forthcoming green paper on social housing is a unique opportunity for the government to set out how it will deliver much greater numbers of genuinely affordable housing**, based on an acknowledgement of the central role that social housing plays in delivering mixed, thriving communities which are economically successful. Alongside the green paper on social housing, the government must confirm how much of the Affordable Homes Programme will be dedicated to delivering social-rent homes as part of a broad mix of affordable tenures.

⁵⁵ 'Borrow more to boost building, says Sajid Javid', BBC News, 22 October 2017. <http://www.bbc.co.uk/news/business-41714128>.

⁵⁶ May, T., 2017, Theresa May's speech to the Conservative Party Conference, 4 October 2017. <https://www.conservatives.com/sharethefacts/2017/10/theresa-mays-conference-speech>

The housing white paper encourages more local authorities to build homes of all tenures. What more could an incoming government do to support councils in the delivery of more affordable housing?

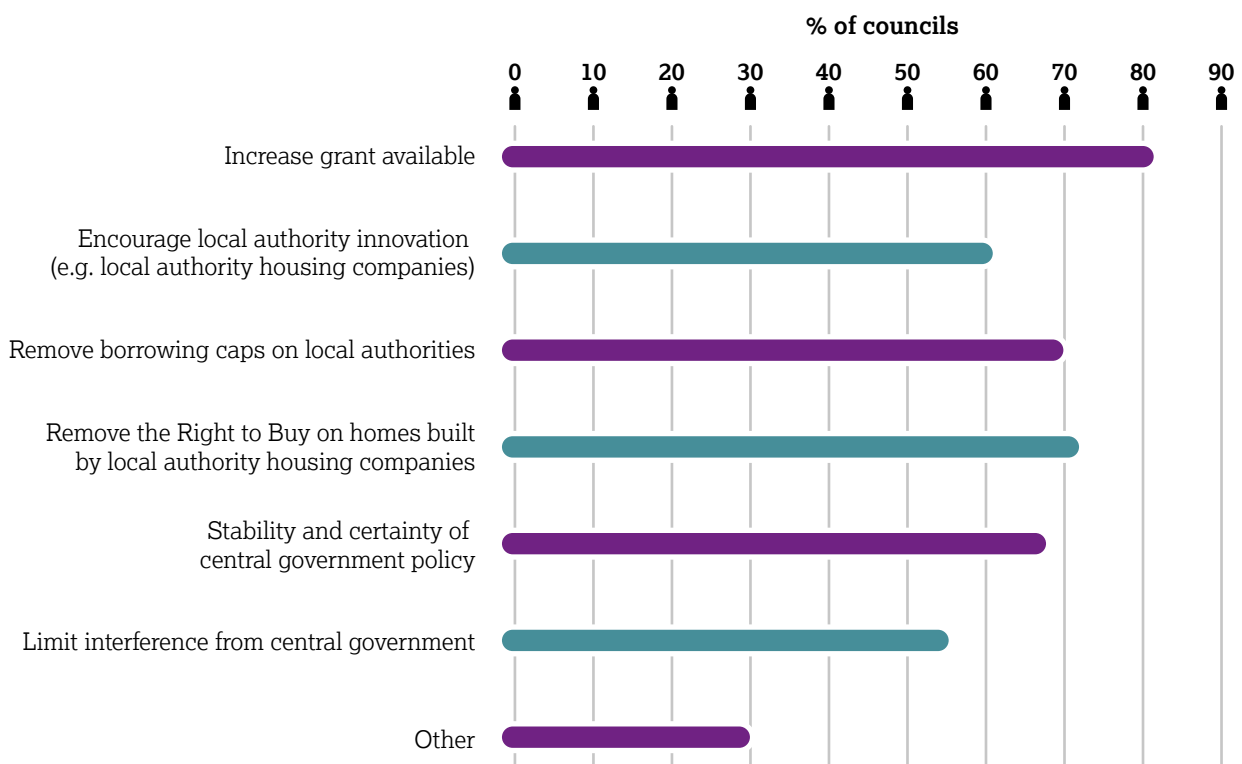


Figure 11 – Survey of 76 councils – ‘What more an incoming government could do to support councils in the delivery of more affordable homes?’

Funding the delivery of high-quality affordable housing

- 3 The online survey revealed that over 2/3 of local authorities said that removing the Housing Revenue Account (HRA) borrowing caps would enable them to deliver more affordable housing. **The Autumn Budget commitment to lifting the HRA borrowing cap on councils in areas of 'high affordability pressures' is welcome but should be extended to all authorities with housing stock to help them maximise their potential as a major contributor for meeting the shortfall in supply of affordable housing.**
- 4 The HRA remains an effective way for councils to build new affordable housing. To enable the council to build more affordable homes through the HRA, **the government should enable councils to retain 100% of their Right to Buy receipts to reinvest into building new affordable housing.**
- 5 Councils are innovating by setting up new local-housing companies and joint ventures, making an important and growing contribution to the delivery of homes of all tenures. However, some councils are uncertain about the future treatment of local housing companies, including whether homes built by the companies will be subject to the Right to Buy policy, which is the approach suggested in the housing white paper. Feedback from councils has suggested that this uncertainty is affecting their ability to make investment decisions. **The government should make it clear to all councils whether or not local housing companies which are delivering homes using funds outside the Housing Revenue Account are exempt from the Right to Buy.**
- 6 With developer contributions used to fund a variety of infrastructure needs, **the government needs to clarify whether the developer contribution model for delivering new affordable housing via section 106 agreements remains a policy objective, and if not where the alternative funding for new affordable housing will come from.**

Planning for affordable housing

The housing white paper consultation proposes changes to the National Planning Policy Framework (NPPF), including altering the definition of affordable housing to include Starter Homes, which would broaden the definition of affordability to contain more housing products of which cost is linked to market prices rather than to a genuine metric of affordability based on income.

- 7** The publication of **the updated National Planning Policy Framework (NPPF), due in early 2018, provides a key opportunity for the government to publish a definition of social housing at genuinely affordable levels of rent, distinct from other affordable housing products.**
- 8** **The government should urgently revise the viability test in the NPPF** to fulfil the recommendation of the House of Lords Built Environment Committee that it is not “used to compromise the ability of local authorities to meet housing need, including affordable housing need, as determined through development plans”⁵⁸.
- 9** **There is a need for the government to publish a comprehensive set of high-quality standards for new homes of all tenures,** taking on the lessons learnt as part of the findings of the Grenfell Tower Inquiry.
- 10** **The government should enable local authorities to set the percentage of social-rent homes - not just affordable homes in its wider definition - which are required in new developments through their local plans,** ensuring that the planning system makes an important contribution to meeting the housing needs of all.

Do you think that the definition proposed in the housing white paper will help address the need for affordable housing in your local authority area?

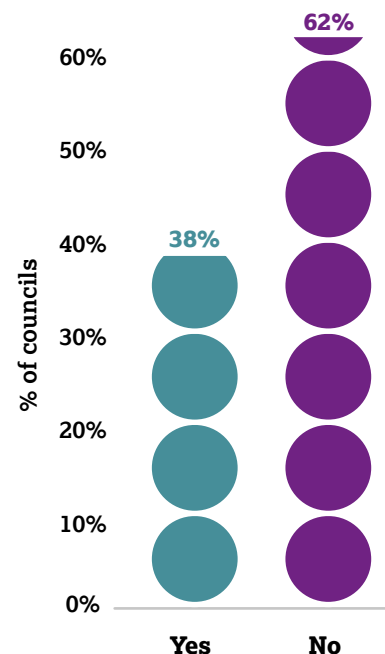


Figure 12 - Survey of 76 councils, 'Do you think that the definition proposed in the housing white paper will help address the need for affordable housing your local authority area?'

⁵⁸ Building Better Places. House of Lords Select Committee on National Policy for the Built Environment, February 2016. <https://publications.parliament.uk/pa/ld201516/ldselect/ldbuilt/100/10002.htm>

Skills and capacity

11 Support from the government is required to help councils understand the options available to them to make the most of their assets and powers to deliver social-rent homes. In particular, **the government should enhance skills and boost capacity within councils to fulfil their role in securing new housing of all tenures.**

12 **There is a need for accessible information and support for councils about establishing local housing companies and the powers available to councils, which the government can facilitate.**
The support offered by the Local Government Association (LGA) with their Housing Advisers Programme is a welcome start.

13 **The government should support the ongoing refurbishment of empty homes,** enabling them to be used for new affordable housing, recognising the positive socio-economic role that bringing empty homes back into use can have in the regeneration of an area.

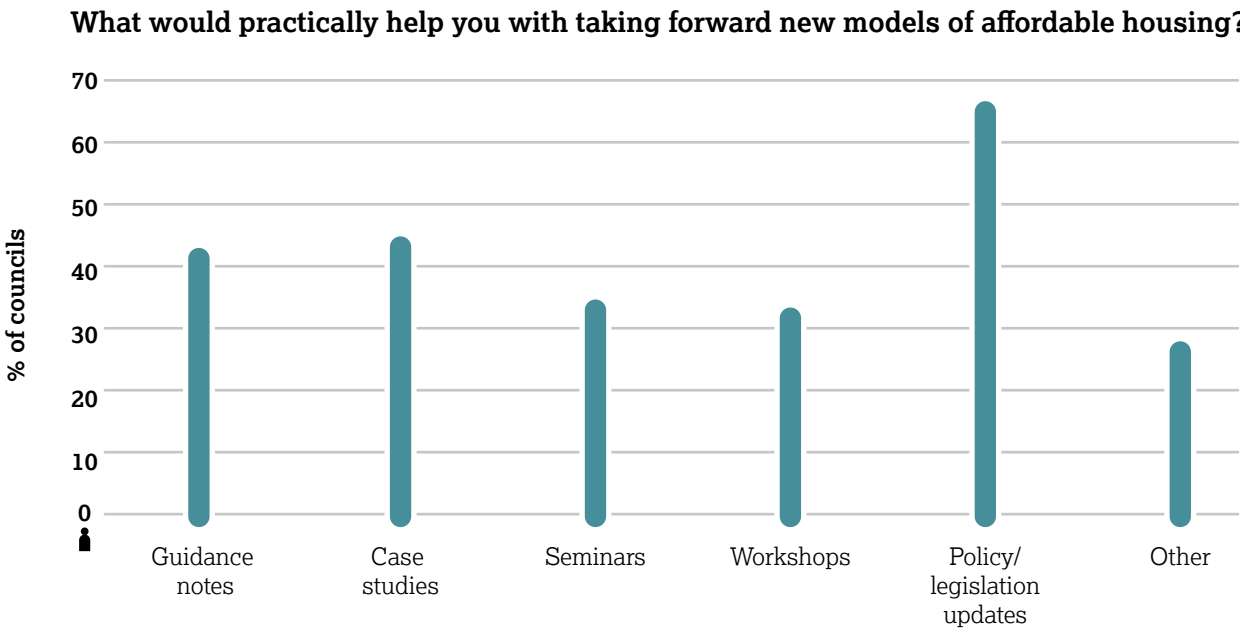


Figure 13 - Survey of 76 councils, ‘What would practically help you with taking forward new models of affordable housing?’

Holistic and integrated approach to affordable housing

- 14 The government's approach to affordable housing must be well integrated across departments**, understanding the impact of measures such as welfare reforms on the ability of housing tenants to afford their rents.
- 15 The government's approach to tackling the housing crisis should also combine housing and health**, realising the impact that poor-quality housing and lack of affordability has on the physical and mental health of people, and the savings to be made from investing in decent affordable housing.

Community led housing

- 16 The government's support for community led housing through the Community Housing Fund is welcomed, but needs expanding to encourage more establishment of Community Land Trusts in urban areas.** Community led housing can play an important role, delivering affordable housing on small, publicly owned sites in built-up areas.

Public sector land

- 17 The "best consideration" test for public-sector land requires review**, as outlined in the housing white paper, to ensure that councils are not bound to selling sites on the basis of higher short-term receipts ahead of long-term social and economic gains.

Combined authorities, joint working and joint plans

- 18 The government should ensure that combined authorities have access to sufficient resources to maximise their potential to deliver high-quality, sustainable growth.** Lessons need to be shared about the experiences of combined authorities delivering affordable housing using the powers devolved to them, and what more is needed to assist them in this task. The government should also consider more broadly how councils can best work together to deliver more affordable homes, sharing skills and resources.



5

Part 5

Further guidance for councils

As well as publishing this report, the TCPA has produced three additional guidance documents during the course of this project, each written to help councils identify opportunities for delivering more affordable homes. These documents have been produced in response to particular requests from councils and delivery partners at the round table discussions, seminars and pilot workshops.

5.1

Signposting guide to available resources

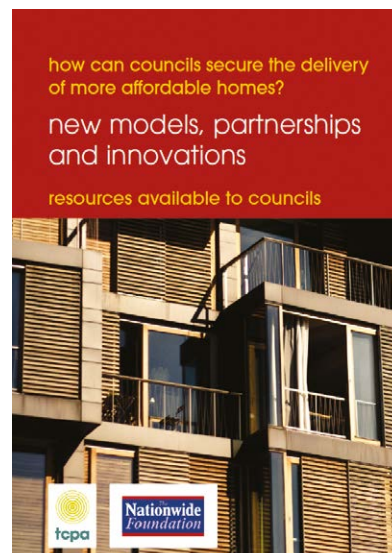
Early on in this project, the TCPA became aware of a number of existing resources available to councils to help them to fulfil their role to build new affordable homes. These resources had been produced by government organisations, think tanks, charities and institutions, and covered a broad spectrum of toolkits, case studies and evidence on the different models available to them. Council representatives that came to the first round table event said that they found it difficult to find these resources, and that they didn't have the time to search through the internet to find available information.

Many of the resources available to councils are free and can offer them a valuable starting point for understanding the options and issues they face. To help council officers and councillors access the resources available, the TCPA has produced a signposting guide. This document includes an index, helping councils to identify relevant material by type of resource. Each resource also has a hashtag (#) so that councils can follow certain topics, together with the Twitter handle for each organisation covered.

5.2

Updated version of signposting guide

Following publication of the draft signposting guide, the TCPA became aware of a number of additional resources that have been produced to help councils secure affordable homes. Further suggestions were also received during the seminars and round table events, including the inclusion of a page on resources on design for councils. The signposting guide was updated with the additional resources identified, and all the organisations involved were contacted to ask for updates. The final version of the signposting guide was published and launched at the parliamentary event in November 2017.

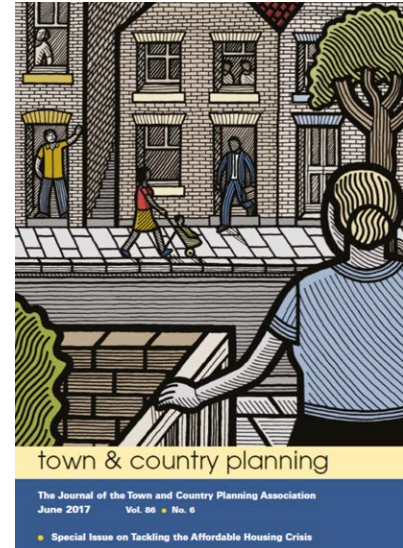


5.3

Special edition of T CPA journal

In June 2017, the T CPA published a special edition of its journal *Town and Country Planning*, specifically focused on tackling the affordable housing crisis. The journal edition featured articles by:

- **Leigh Pearce, Chief Executive, Nationwide Foundation,** *on supporting work aimed at delivering lasting solutions to the housing crisis*
- **Kate Henderson, Chief Executive, T CPA,** *giving an overview of the affordable housing crisis*
- **Brian Robson, Policy and Research Manager, Joseph Rowntree Foundation,** *on the impact of the housing crisis on driving poverty*
- **Paul O'Brien, Chief Executive, Association for Public Service Excellence,** *on research carried out with the T CPA on how the government can support councils delivering homes of mixed tenures*
- **Paul Hunter, Head of Research, The Smith Institute,** *on interventions open to metro mayors*
- **Henry Smith, Projects and Policy Manager, T CPA,** *on the research project being supported by the Nationwide Foundation*
- **Toby Lloyd, Head of Housing Development, Shelter,** *on smart intervention in to the land market through understanding the role of land in the economics of development*
- **Brian Berry, Chief Executive, Federation of Master Developers,** *on how planning can bring forward more small sites for development*
- **Alice Martin, Housing Lead, New Economics Foundation,** *on making the case for using public land to provide good-quality affordable housing*
- **Mario Wolf, Right to Build Task Force Director, National Custom and Self Build Association,** *on the opportunities for the UK housing market for custom and self-build housing*
- **Adrian Unitt, Operations Director, Graven Hill Village Development Company,** *on the UK's largest self- and custom-build project*





How Can Councils Secure the
Delivery of More Affordable Homes?

**New Models, Partnerships
and Innovations.**

November 2017

Town and Country Planning Association

17 Carlton House Terrace
London SW1Y 5AS
020 7930 8903

tcpa@tcpa.org.uk
[@theTCPA](#)

www.tcpa.org.uk