

Scrutiny Committee



Report of Interim Head of Development, Regeneration and Housing

Author: Gerry Brough

Telephone: 01235 422470

Textphone: 18001 01235 422470

E-mail: gerry.brough@southandvale.gov.uk

Executive member responsible: Elaine Ware

Tel: 01793 783026

E-mail: elaine.ware@whitehorsedc.gov.uk

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Houses that people can afford

Recommendation

That the Committee notes the contents of this report.

Purpose of Report

1. To consider what is being done/could be done, within Vale of White Horse District, to increase the number of houses for rent or sale that are truly affordable to the average working family or person.
2. In trying to achieve this overall purpose, the paper seeks to;
 - a) provide some background context to determine the reduction in the price of market properties for rent and sale that would need to be achieved to make them affordable to those on lower to middle income levels.
 - b) broadly explain the intervention routes for achieving reduced housing costs.
 - c) describe models of affordable housing that have been delivered over the last five years and models that have been considered but not adopted, summarise the effectiveness of adopted models in meeting need and identify the obstacles that have prevented them from increasing the numbers of truly affordable houses.

- d) Assess the scope for District Council intervention, as a means of widening the housing offer, address future need and making housing more affordable to the average working family or person.

Strategic Objectives

3. This topic relates to the following Corporate Priorities:

Corporate Priority	Contributes to (Yes/No)
• Housing and infrastructure	Yes
• Sustainable communities and wellbeing	Yes

Background

4. A substantial amount of anecdotal evidence suggests that there is an insufficient supply of housing that is truly affordable to the average working family or person, within Vale of White Horse.
5. However, there is a lack of available empirical evidence to corroborate the anecdotal evidence.
6. Many of the terms used to describe the perceived housing situation need to be accurately and consistently defined. For example, what is meant by “truly affordable” or “the average working family or person”?
7. The 2014 Strategic Housing Market Assessment for Oxfordshire (SHMA) uses a benchmark for assessing the affordability of rented accommodation. This benchmark was based on these costs not exceeding 35% of a household’s GROSS income. If the cost of renting exceeded this level then a household is deemed in need of ‘affordable’ housing.
8. However, the Institute of Public Policy Research (in their publication *“Priced Out – Affordable Housing in England”*, Darren Baxter and Luke Murphy, IPPR, November 2017) uses three different measures to determine affordability. They assess affordability based on NET incomes as follows;
- Houses are affordable where the cost of housing is less than 35% of net income and the purchase price (where applicable) is below 3.5 times the household’s gross annual income
 - Houses are affordable where the cost of housing is less than 35% of net income, and the purchase price (where applicable) minus the deposit is above 3.5 times the household’s gross annual income
 - Houses are affordable where the cost of housing is less than 35% of net income.

9. This report then goes on to show, through a series of diagrams for various parts of the country¹, the proportion of net income for various types of households taken up by various types of housing (figures in each box), the type of housing that is unaffordable at 35% net income to various occupiers (shaded red and amber) and the type of housing that is affordable at 35% net income (shaded green). The three types of occupier are a single person on full-time earnings; a couple with one child where one person is on full-time earnings and one person is on part-time earnings and they obtain child benefit; and a couple where both are on full-time earnings) and they are categorised according to whether their net household disposable income is equivalent to the UK's lower quartile, median or upper quartile (per Office of National Statistics for the year ending 31 March 2016).
10. The situation relating to households in the West of England² is shown in table 1 below:

Table 1

Affordability against a 35 per cent income target for a range of households in the West of England

		West of England								
		Single Person			Couple with one child			Couple		
		LQ	Median	UQ	LQ	Median	UQ	LQ	Median	UQ
Rental	£	16,202	26,291	28,117	22,851	34,854	39,895	32,404	42,314	56,233
	Median rent	70	43	40	50	32	28	35	27	20
	Social rent	20	13	12	14	9	8	10	8	6
	Affordable private rent	56	34	32	40	26	23	28	21	16
Rent to Buy / Shared ownership	Rent to Buy	56	34	32	40	26	23	28	21	16
	Cheyne model	70	43	40	50	32	28	35	27	20
	Shared ownership	52	32	30	37	24	21	26	20	15
Ownership	Median house price	85	53	49	61	40	35	43	33	25
	FTB	70	43	40	50	33	28	35	27	20
	Discounted market sale	56	35	32	40	26	23	28	21	16
	Starter homes	56	35	32	40	26	23	28	21	16
	Help to Buy	58	36	34	41	27	24	29	22	17

FTB = First Time Buyer;

Cheyne model = a model for providing public housing being delivered The New Communities partnership (a partnership between Kier Living, The Cheyne Social Property Impact Fund (managed by UK-based investment manager Cheyne Capital) & The Housing Growth Partnership (a joint venture between Homes England and Lloyds Banking Group)

¹ The report only covers four areas in England i.e. West of England, West Midlands, Greater Manchester and Tees Valley. West of England Region includes Bath and North East, Somerset Unitary Authority (UA), Bristol City UA and South Gloucestershire UA. Similar statistics are not available for Oxfordshire or South and Vale.

² West of England is the closest area to South and Vale and is a reasonably appropriate comparator. However, higher average property prices in South and Vale mean that unaffordability is likely to be an even greater problem in South and Vale than in the West of England.

11. The above table shows that, even in the West of England (an area with lower average house prices than Oxfordshire);
- a) Many affordable housing models are unaffordable to a range of households and incomes (shaded red and amber)
 - b) For rental and intermediate ownership;
 - i) only social rent is affordable to groups at all income strata,
 - ii) Rent to Buy, affordable private rent and shared ownership, are only affordable to all groups at or above median income (shaded green).
 - c) For ownership properties;
 - i) Discounted market sale, starter homes are unaffordable to most groups because the purchase price is above 3.5 times the household's gross annual income (shaded red) or the purchase price minus the deposit is above 3.5 times the household's gross annual income (shaded amber). They are only affordable to couples with a child in the upper quartile income range and couples in the median and upper quartile ranges (shaded green).
 - ii) Median Price houses are not affordable to any group because the purchase price is above 3.5 times the household's gross annual income (shaded red) or the purchase price minus the deposit is above 3.5 times the household's gross annual income (shaded amber).
 - iii) First Time Buyer (FTB) and Help to Buy homes are not affordable for any income group apart from couples in the upper quartile income range.
12. The above analysis is not available for Oxfordshire, and no comparable analysis is available for any area of the UK based on the affordability criteria used in the Oxfordshire SHMA i.e. 35% of GROSS income. However, it is clear that using this affordability measure would mean more property, of all tenures, would be regarded as affordable to all household types.
13. Therefore, what constitutes "affordability" to "the average working family or person", depends on;
- d) Whether GROSS or NET incomes are used to determine how much they should reasonably spend on housing (where NET = GROSS less tax and NHI payments).
 - e) What quartile of the income spectrum is used (i.e. lower, median or upper quartile).
 - f) What constitutes an average family (in terms of whether they are married, have two incomes, have children etc.)
14. Based on the assumptions contained within the Oxfordshire SMHA (i.e. housing costs are affordable where the cost does not exceed 35% of GROSS income), the table below shows the income needed to make the rent affordable, for a modest two-bedroom or three-bedroom property in two areas in the Vale:

a) Faringdon:

Property size	Monthly rent	Annual Rent	Gross annual income required
2 bedrooms	£800	£9,600	£27,430
3 bedrooms	£1,100	£13,200	£37,700

b) Abingdon:

Property size	Monthly rent	Annual Rent	Gross annual income required
2 bedrooms	£885	£10,620	£30,340
3 bedrooms	£1,200	£14,400	£41,140

15. Figures provided by the Office for National Statistics (ONS): “Ratio of house price to workplace-based earnings (lower quartile and median)” show that for 2016, the level of lower quartile annual gross earnings in the Vale was £25,290 with the median level at £34,864. This lower quartile figure is slightly higher than the figures used for a one child family with one full-time wage earner, one part-time wage earner and child benefits, whereas the median figure is almost equal to the figure used for the same category of occupier.
16. For rented properties to be affordable to households with these incomes, the rent levels would need to be no higher than:
- Lower Quartile earnings:** £25,290 Monthly rent to be affordable @ 35% **£730**
of gross income:
- Median earnings:** £34,864 Monthly rent to be affordable @ 35% **£1,015**
of gross income:
17. This demonstrates that based on the SHMA criteria for affordability, even the least expensive 2 bedroom homes for rent in the district are likely to be beyond the means of households whose earnings are within the lower quartile. Those on median level earnings are also likely to struggle with the cost of renting a modest 3-bedroom home.
18. Were the IPPS criteria for affordability to be applied, this situation would be broadly the same for one child families with one full-time and one part-time earner, but considerably worse for single people on only one wage.
19. Another issue is the general lack of market properties available for rent at these lower prices.
20. For these properties to be affordable to households on lower incomes (using the Oxfordshire SHMA definition of affordability), the levels of market rents would need to be reduced to between 60% and 80% of current prices, which is reflected in the provision of homes for ‘Affordable Rent’ that are available through Registered Providers (housing associations).
21. When buying property, the current guidelines for taking on a mortgage to purchase a home is that the level of mortgage required should not exceed around 4 times gross annual earnings, although this could depend on a household’s other financial commitments.
22. The lower quartile property purchase price in the Vale was £255,000 in 2016 (ONS data). Assuming a deposit of 10% is available for a purchaser, the minimum annual income needed to obtain a mortgage for the balance would be

£57,375 – which is clearly well in excess of both lower quartile and median earnings in the Vale.

23. For prospective purchasers on lower quartile or median earnings, with a 10% deposit available to them, an open market home would need to be in the price range of £112,500 to £156,000 which is approximately 40% to 60% of the lower quartile new house prices.
24. For some purchasers, the opportunity to buy a home through a Shared Ownership scheme, where initial shares can be between 25% and 75% of the market price, may provide a realistic option. Nevertheless, this may still be out of reach for many people, depending on the location of the property.
25. As an example, the following new property is currently available on a shared ownership basis in Steventon, Vale of White Horse:
 - 2 bedroom terraced house for sale - The Ardington, The Stables, Steventon Road, East Hanney, Oxfordshire OX12. Plot 35 for sale on a 40% shared ownership basis i.e. a share price of £106,000 plus a monthly rent of £331.25.
26. Assuming a 95% mortgage could be obtained for the required £106,000 share, the buyer would need to have a deposit of £5,300 and be able to pay a monthly mortgage payment of c. £527 per month (a mortgage of 100,700 @3.9% over 25 years). This, added to the monthly rent would mean that the total monthly outlay would be £858.25, which is more than the affordability of lower quartile earners (£730 per month).
27. Two-bedroom semi-detached houses are available in the same development on a full market sale basis for £355,000. However, this is clearly unavailable to the affordability of the average working family or person” on a “truly affordable” basis – unless they have the means to put down a very large deposit on the house.
28. Rather than looking at what income is required to afford current market rents and/or market prices, another way to look at matters is to consider what subsidy would be needed to bring these into line with current earnings.
29. As the affordable house example used above demonstrates, reducing house prices to 80% of market value does not bring them within the means of the average working family. House prices and/or rents would therefore need to be reduced by more than 20% to make houses truly affordable to most working families.
30. Assuming a price of £300,000 per new house, this means that the price of new houses needs to be reduced by more than £60,000 (i.e. a subsidy of at least £60,000 needs to be provided). Therefore, building 100 additional affordable houses for sale will require a minimum subsidy of £6,000,000. Even then, these would be unlikely to be affordable by any household with a median income since a mortgage currently costs c. £520 per month, per £100,000 borrowed). To afford to buy this house price, a household with an income of less than £25,290 would need to reduce the cost to c. £200,000 to make it affordable on a monthly basis. This means they would need access to a larger deposit or a larger subsidy.

31. Median rent levels will need to be reduced by approximately £200 per month to make them affordable to a household with an income of £25,290. This means they require a subsidy of at least £2,400 per annum, whilst the household remains in the property without increasing their income. Therefore, in simple financial terms, building 100 houses and renting them at an affordable rent could involve a subsidy of £240,000 per annum for at least 25 years, i.e. £6,000,000.
32. In simple terms, therefore, providing more affordable housing requires subsidising the monthly cost of occupying a house. Whether this is possible depends on how much funding is available (at least £6m is needed, per 100 new houses), who provides the subsidy and the way in which this subsidy is provided.

Providing housing at a lower cost

33. Property prices are mainly affected by local market conditions (location, availability of employment, demand etc.) and, as demonstrated in the previous section of this paper, those on lower to median incomes in the Vale will be unable to access either home ownership or rented accommodation without direct intervention in the form of a financial subsidy.
34. Intervention to provide a financial subsidy can occur at
 - a) **'market' level** – by directly subsidising the cost of buying new build properties (e.g. the Government's Help to Buy Scheme).
 - b) **'development' level** - by reducing land prices, construction costs or marketing costs associated with new housing developments or encouraging more affordable houses to be built as a percentage of the total new housing stock. Increasing the affordable component of a site affects development viability, since the developer needs to recover "lost" income by increasing the price of houses for sale. This has an impact upon the developer's ability to sell new houses and secure a reasonable commercial return and it effectively means that affordable housing is being subsidised by buyers of new houses, at market rate.
 - c) **'market and development' level** through **"direct provision"**.
35. Sometimes intervention can be made at more than one level and there are distinct differences in the cost and risk associated with adopting any of these various routes to achieve lower housing costs.
 - a) **Market level:** providing a subsidy for direct purchase of existing properties is more expensive but does not carry any development risk. Such subsidy may be in the form of a direct loan to individual buyers or provision of a grant or "soft" loan to a Registered Provider to enable them to purchase several homes. The government's Help to Buy scheme has been available for several years and provides an equity loan of up to 20% of the purchase price of new build homes, although this scheme may come to an end in 2021. Another form of market level subsidy was provided in the form of housing and other social benefits, but this has been reduced over a number of years due to changes in the benefit system.

- b) **Development level:** can be less expensive than subsidising open market purchases. However, there are considerable risks associated with maintaining the viability of a site. The council requires a proportion of new homes on eligible sites to be delivered in the form of “affordable housing” which can either be through provision of free, serviced and remediated land, or, more generally, through discounted sale to a Registered Provider. Where a site is subject to abnormal or additional costs, the level of affordable housing achievable may be adversely affected.
- c) **Direct provision:** is more expensive and carries a substantial amount of additional risk, in the form of planning, development and market risk. However, this model enables greater control. Risks can also be reduced by working in partnership with reputable developers and the establishment of “arms-length” joint venture companies etc. Higher levels of affordable housing can normally be delivered than would normally be possible through planning policy and final market rents or purchase prices can be reduced by;
 - i) Reducing any expected commercial returns to a break-even level.
 - ii) Building on land bought or already owned by the Council and including this in the development appraisal at no, or very low, cost in exchange for a “social” return rather than a purely financial return.
 - iii) Setting sale or rental values at levels that do not provide a purely commercial return but instead provides a social return when added to a lower commercial return.
 - iv) Structuring the development so that it provides a mix of **social value** (related to a Local Authorities powers to improve the wellbeing of local communities) **and commercial value** (expressed through a return on investment calculation), which, when added together, provide **better value** than that provided by a purely commercial return.

36. Although direct provision is the most attractive option for securing houses for rent or sale that are truly affordable to the average working family or person, this is only an option where a Local Authority has:

- a) the ability to commit significant financial resources to such projects
- b) a willingness to value social benefit and justify why this compensates for a lower financial return
- c) a reasonably high appetite for risk
- d) sufficient internal staff resources to manage the process of securing sites, conclude partnership and/or joint venture agreements and manage the development and marketing process or, alternatively, establish a separate housing company for this purpose.

Delivering affordable homes over the last 5 years

37. As previously explained, the council's current planning policy requires a percentage of new-build homes to be built for affordable housing. This percentage is currently set at 35% for Vale, and the affordable housing should be delivered with a tenure mix of 75% of the homes for rent and 25% to be available for shared ownership.
38. It should be noted however, that having a planning policy doesn't mean developers will necessarily deliver what the policy requires. In most cases the developer will argue that less affordable housing is required on viability grounds, if allowed to, will sometime fail to fully meet the obligations set out in the Section 106 agreement. Members of the Council's development housing team, who fully understand all issues relating to affordable housing provision, including but not restricted to viability issues, therefore have a vital role to play in shaping Section 106 agreements and ensuring developers meet their obligations in full.
39. This focus on delivery has meant that a total of 1,122 new build affordable homes have been completed between April 2012 and March 2017, of which 834 were for rent and 288 for shared ownership. These homes have been provided across the 5 main urban areas of Abingdon, Wantage, Grove, Faringdon and Botley with rural provision in 20 villages across the district and various types of affordable development schemes have been delivered, or are in the process of being delivered, as follows;
 - a) **Newbuild homes for rent** – to date these have all been acquired or developed by Registered Providers, making a significant contribution to the overall number of affordable rented properties that are available each year (including relets) and often comprising the majority of these available homes.
 - b) **Community Land Trust Scheme (CLT)** – the council has been working with the Oxfordshire Community Land Trust to bring forward the first CLT scheme in the Vale. CLT schemes can address a range of needs for a local community which can include providing affordable housing that is available in perpetuity to people who can satisfy a specific local connection. Oxfordshire CLT has identified a site in Botley, a local housing needs survey has identified the need for rented accommodation for local people in this area and the nearby village of Cumnor, and the planning application process is underway. Delivery of this scheme is anticipated over the next two years.
 - c) **Newbuild homes for shared ownership** – all provision has been through the Registered Providers. Shared Ownership has become a traditional and well established model of low cost home ownership which is understood and accepted by mortgage lenders. In addition, flexibility on the size of initial share purchase is possible with as low as a 25% share up to a maximum of 75% with full ownership possible in most cases, where affordability for the buyer allows.
 - d) **Open Market Homebuy Scheme (OMHB)** – The Vale of White Horse set up a scheme in partnership with Catalyst Housing Association to help eligible applicants to purchase a suitable home on the open market that would otherwise be unaffordable to them. Loans of up to £50,000 were made

available, funded equally between the council and Catalyst. Ten successful applicants completed OMHB purchases between 2013 and 2016 with the average purchase price being £219,000. The average household income was just over £40,000 with the loans provided equating to an average of 21% of the purchase price.

e) **Alternative Low Cost Home Ownership Models (LCHO)** – The council has considered and explored a range of LCHO models. To date, shared ownership has been the main option for those seeking an LCHO opportunity, providing a flexibility of entry level that can address a wider range of income levels. The council’s OMHB scheme addressed the needs of those requiring lower levels of financial assistance. The council recognises that other LCHO models could increase the range of opportunities for those unable to buy a home on the open market, however, it is important to understand the differences in requirements, such as income levels and restrictions, as well as the benefits that each scheme can offer. In addition, consideration needs to be given to the level of internal staff resources needed to deliver and manage such schemes.

40. Various “Intermediate housing schemes have been developed in recent years. However, the National Planning Policy Framework (NPPF) defines the range of intermediate housing as: “homes for sale and rent provided at a cost above social rent but below market levels”. Intermediate housing therefore includes shared equity (shared ownership and equity loans) and other low cost homes for sale and intermediate rent. However, homes that meet the above NPPF definition of intermediate housing, such as “low cost market” housing, may not be considered as affordable housing for planning purposes.”

41. The table below is a brief description of the types of LCHO that can be considered as affordable housing, in line with the definitions set out in the National Planning Policy Framework (NPPF). It also provides an outline of the potential advantages of each scheme and the different restrictions which may apply.

Type of Low Cost Home Ownership Scheme	Description of main features of the scheme
Shared Ownership	<ul style="list-style-type: none"> • Part-buy, Part rent. • Initial shares for purchase can be between 25% and 75% of the full market price which can make shared ownership achievable to households on lower income levels • Registered Provider (RP – housing association) retains ownership of the unsold share • Rent payable to the RP (rent may be eligible for Housing Benefit) • Usually possible to buy the remaining shares and own 100% of the home • No requirement to buy the remaining share at any time • Product recognised by mainstream mortgage lenders
Shared Equity	<ul style="list-style-type: none"> • Individual purchaser owns 100% of the property but the unsold equity may be owned by either the Local Authority

	<p>or an RP</p> <ul style="list-style-type: none"> • Unsold equity must usually be purchased within a maximum period of 25 years • A charge is paid on the unsold equity – although there may be an initial ‘free’ period of up to 5 years • 75% of the full property price is usually paid initially so generally not affordable to such a wide range of income levels
Low Cost Housing for Sale (known as Discounted Sale in perpetuity)	<ul style="list-style-type: none"> • The purchaser can never own 100% of their home therefore retaining the property as affordable housing in perpetuity • No rent or loan charge applied • Levels of discount can vary but tend to be around 25% • Purchaser will therefore need to be able to afford around 75% purchase price • Restriction from full ownership may limit the range of mortgage products available.
Rent-to-Buy	<ul style="list-style-type: none"> • All residents start as tenants but each scheme may vary in the conditions for buying the home. Eg: one scheme requires each household to commit to purchasing their home within a certain timescale which can be either after 5, 10, 15 or 20 years. • The scheme may be backed by institutional investors • The properties may be managed by a local RP • Rents are usually at Affordable Rent levels. • At the time a tenant purchases their home they may receive a ‘gift’ from the scheme of a 10% deposit • Income levels suitable for this type of scheme are likely to be much higher than those that are needed to make an ‘affordable rent’ manageable, as applicants will need to ensure they can buy their home at a later date • Concern for this type of scheme is that residents unable to proceed to buying their home may have to move out.
Local Authority Open Market Homebuy Scheme	<ul style="list-style-type: none"> • Provision of loans enable open market property purchase • A monthly charge is levied on the loan • The loan can be repaid at any time or after a maximum period of 25 years • Scheme is generally only affordable for those requiring less financial assistance (eg: loan for 20% of the property price) • Local Authority needs to commit to funding provision with no certainty on the timing or level of future loan repayment • Requires staffing resources to administer and monitor the scheme
Self-build and Custom build (as affordable housing)	<ul style="list-style-type: none"> • The aim is to involve prospective purchasers in the construction of their own home. These can be both for rent as well as being a form of low cost home ownership • For a self-build scheme to be truly ‘affordable led’ and to meet the NPPF definition of affordable housing, certain

	<p>restrictions may need to be put in place such as local connection criteria and maximum size of property. Some schemes restrict the resale value to reflect the benefit of initial purchase price reduction</p> <ul style="list-style-type: none"> • Can be an opportunity for people to learn new skills. • Delivering a self-build scheme as affordable housing is likely to be resource intensive for the lead organisation and could be an issue for the local authority • Availability of mortgages may be an issue for applicants for self-build
Community Land Trust	<ul style="list-style-type: none"> • The land is usually owned by the community and can be used for a variety of buildings to benefit local people including residential property for rent or low cost home ownership • If the properties are to be for sale, then the purchaser does not buy the land but has the benefit of a reduced property price • Usually there are restrictions on the eligibility of future purchasers as well as initial buyers. • Can be complex to deliver and demanding of staffing resources. • Restrictions on eligibility and level of ownership may impact on the range and cost of mortgage products available.

Ongoing work on Affordable Housing delivery

42. A Joint Housing Delivery Strategy for South Oxfordshire and Vale of White Horse districts councils was adopted by both Cabinets in December 2017. The strategy has an overarching aim of meeting the challenge of delivering the number of new homes required through the Local Plan whilst ensuring that new homes can meet the needs of everyone in the community.
43. A key output from the strategy is to widen the housing opportunities for those who are unable to afford market housing to rent or buy through a focus on direct intervention by the council. This will include the need to consider various types of housing that are suitable and affordable to support economic growth, as follows;
- a) **Community Land Trust:** The council will continue to work with the Oxfordshire Community Land Trust to progress delivery of the district's first CLT scheme with the aim of exploring further opportunities where this housing model for local people will be of benefit to those communities.
 - b) **Affordable Private Rent and Shared Housing:** There is a shortage of accommodation for rent that is accessible and affordable for people looking to take up employment in the district which, in turn, is creating recruitment issues for local employers. There is a need to grow the private rented sector but ensure that rents are affordable to younger people, in particular. Registered Providers (RPs) have been including intermediate and private rented accommodation within their portfolios and the council will continue to liaise with RPs to explore potential opportunities in appropriate locations.

- c) **Alternative forms of low cost home ownership:** Some RPs are currently trying to deliver a product that is more tailored to specific needs, such as where a deposit is available but obtaining a mortgage is not possible.
- d) **Shared accommodation:** Young, single people find it difficult to rent suitable accommodation as renting a one-bedroom flat is often beyond their means. However, good quality shared housing is scarce and in high demand. An RP in South Oxfordshire is building its first house designed for sharing by four people, with completion due in March, with the aim of developing a programme of shared accommodation across both districts.
- e) **Land acquisition:** By acquiring land and directing future development on this land, the council could provide greater certainty and control over delivering alternative housing models and could possibly do this in a way that better meets the needs of key workers. However, capital funds would need to be available for this purpose and, where these had to be borrowed, the Council would need to be able to service the debt.

Financial Implications

- 44. There are no financial implications associated with the content of this report, but the extent to which the Vale might be able to influence the future volume of truly affordable housing within the local market will clearly be dependent upon the amount of capital and revenue resources available to them.

Legal Implications

- 45. There are no legal implications associated with the content of this report but, were the Vale to become involved in direct delivery of affordable housing, the extent to which they may be able to trade off social benefit against financial benefit and how “best value” can be determined in such circumstance may be dependent upon their ability to use their powers of wellbeing in as creative a manner as possible.

Risks

- 46. There are no risks associated with the content of this report but, when it comes to determining future policy, the level of risk associated with various policy options will need to be thoroughly understood and proper mitigation will need to be put in place.

Other Implications

- 47. Any implications associated with this paper will be dependent upon future Council policy decisions related to the provision of affordable housing in the Vale. The current policy is designed to minimise financial risk to the Council, whilst encouraging commercial developers to deliver as much housing as possible at below market value, to as many people as possible.

Conclusion

48. Delivery of affordable housing through the council's affordable housing planning policy has made a significant contribution towards meeting the needs of those households in the district who are unable to afford a home on the open market.
49. Increasing the availability of homes for rent has had a positive impact on the numbers of households currently waiting on the council's housing register for a home. There are currently 735 active housing register applicants on the Vale's Housing List, compared to 1253 in March 2016. This is a significant reduction when most other parts of the Country are experiencing increasing numbers of active housing applicants on their housing registers. There is no doubting the fact that the main reason for this reduction is the availability of new build affordable accommodation
50. Over the past 10 – 11 years, just over 2,000 new affordable homes have been built in the Vale and nearly 4,600 more affordable homes secured on future sites with planning consent. Officers are also currently working with developers to secure a further 870 affordable homes on sites that have applied for planning consent and 260 affordable homes on sites that are currently in the planning pre-application stage
51. The expansion of shared ownership opportunities across the district has also ensured ongoing opportunities for those seeking help with buying a home.
52. The council acknowledges a need to widen the housing opportunities that can be available to benefit those in the community. Alternative housing options, such as the delivery of an open market HomeBuy scheme and progression of the first Community Land Trust scheme, aim to address some of the need for different renting and buying options.
53. Alternative models for delivering low cost home ownership could form part of the future housing offer, however, apart from assessing financial and staffing resource issues for the council, it will be important to consider the pros and cons for individual buyers, especially the availability of mortgage products and access to the more favourable mortgage rates.
54. Direct intervention by the council in acquiring land is likely to be one of the most effective means of promoting wider housing options, and the action plan within the Joint Housing Delivery Strategy sets out a ten-year plan for developing partnerships and progressing housing delivery that can supplement delivery by mainstream housebuilders. However, as noted above, this will require the allocation of considerable capital budgets and the establishment of a means to manage direct delivery. **Unfortunately, the Vale does not currently possess sufficient capital or revenue resources to enable them to become involved in direct delivery of affordable housing, in any meaningful way.**

Background Papers

- None