

POLICY COMMISSION BLUE PAPER

<p>RESPONSIBLE BODY</p> <p>Policy Commission for Care, Health and Housing</p>	
<p>PROJECT NAME</p> <p>Affordable Housing – Low Cost Homes for Island People</p>	<p>REFERENCE NUMBER</p> <p>H2/06</p>
<p>1. PURPOSE OF ENQUIRY AND PROPOSED OUTCOMES</p> <p>1.1 To identify challenges to the provision of affordable housing on the Island, and to suggest policy solutions to overcome these challenges.</p> <p>1.2 The Local Area Agreement sets out the aim to, “Provide healthy, safe, affordable housing accommodation according to the needs of Island people, including those in rural areas and those with least housing choice” (Healthier Communities, Aim C, Goal C2)</p> <p>1.3 A need to better communicate and promote the concept of affordable housing.</p> <p>1.4 To act as the core working party for the Housing Market Assessment to underpin the strategic policy framework of the Housing and Employment Development Plan Document</p>	
<p>2. RECOMMENDATIONS</p> <p>2.1 To confirm that the Council accept and are comfortable with the new definitions of ‘affordable housing’ and ‘low cost market housing’ as set out in Planning Policy Statement 3 and “Delivering affordable housing” <i>These definitions have been set by Central Government through Statutory guidance</i></p> <p>2.2 To develop detailed planning policies on low cost market housing to meet the needs of Island residents. <i>This is a requirement under PPS3 and ‘Delivering affordable housing’ guidance.</i></p>	

- 2.3 To carry out further work to assess the viability of setting up a Housing Trust. This should include homes with a continuing discount. *This recommendation has been developed in response to consultation exercises undertaken across the Island with private developers who want to provide affordable housing.*
- 2.4 The Council investigates the feasibility of introducing a tiered tariff system for affordable housing to compliment the current threshold system. Any tariff system should be based on value rather than the number of units and should apply in all circumstances. *This recommendation has been developed in response to consultation undertaken with private developers and a site visit to Milton Keynes Council*
- 2.5 That any changes to existing affordable housing policy thresholds brought in as part of the Housing and Employment Development Plan Document should be phased in over a minimum of six months and involve consultation with developers and other stakeholders. *The recommendation of a six month minimum is suggested as a response to developers informing us that they need time to plan development viability and financial appraisals for the purchase of land.*
- 2.6 That the Council develops design statements/specifications for large developments (the definition of 'large' to be determined) to set out the Council's vision for particular development sites. *This recommendation is included as a result of talking to other councils in the South of England and large developers. The issue is to make it clear to major developers what we want from the beginning as part of a planning consent.*
- 2.7 Neighbourhood Involvement Workers should be funded by developers as a condition of planning, for large (the definition of 'large' to be determined) developments. The role of these workers would be to bring residents together in order to encourage the building of sustainable communities, rather than just houses. *This recommendation builds on a site visit to East Hants DC who seek to ensure that developments fund a community liaison officer for up to three years after a development is started.*
- 2.8 To ensure that the provision of affordable housing and low cost market housing

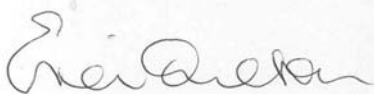
is maximised on large sites. The definition of 'large' is yet to be determined but for example: Council owned land at Pan. However, development of sites must have a sympathetic approach to the environment, quality of life and sustainable community issues.

2.9 That the Housing Department seeks to increase the level of investment for affordable housing brought to the Island through bids for innovation funding, e.g. the Housing Corporation's Innovation and Good Practice grant programme

2.10 That specific policies are developed for affordable and low cost market housing in rural locations.

Cllr Erica Oulton

Chair of the Policy Commission for Care, Health and Housing



3. BACKGROUND TO ENQUIRY

ABBREVIATIONS & ACRONYMS

PPS 3 - Planning Policy Statement 3 – Housing

DCLG – Department of Communities and Local Government

DPD – Development Plan Document

RSS – Regional Spatial Strategy

NHF – National Housing Federation

UDP – Unitary Development Plan

RSL – Registered Social Landlord

LDF – Local Development Framework (Island Plan)

CPA - Comprehensive Performance Assessment

GOSE – Government Office of the South East

SEERA – South East England Regional Assembly

HMA - Housing Market Assessment

DEFINITIONS

3.1 The definitions set out below in paragraph 3.3 have been made in “Delivering Affordable Housing” (Communities and Local Government. 2006. London).

Arriving at an over-arching definition

3.2 The Government accepts that there is a distinction between ‘affordability’ and ‘affordable housing’. What this new guidance aims to do is set out in clear terms the types of housing that are considered as ‘affordable housing’ and what is ‘low cost market housing’.

3.3 The Government has adopted this definition of affordable housing because it wishes to ensure that developer contributions are used to help provide genuinely affordable housing for households in need over the long term. The definition includes homes owned or managed by private sector bodies and provided without Government grant, and new models of affordable housing.

3.4 Affordable housing is one of the following types of housing:

- **Social Rented Housing**
- **Intermediate Rented Housing**
- **Discounted Sale Housing**
- **Shared Equity Housing**

3.5 Affordable housing should also

- be available at a cost low enough for people to afford, determined with regard to local incomes and local house prices
- be retained for future eligible households *or*
- if these restrictions are lifted, for any subsidy, such as a discounted % sale price, to be recycled for alternative affordable housing provision.

Social Rented Housing

3.6 Currently on the Isle of Wight ‘Social Rented Housing’ is rented housing owned and managed by Housing Associations, for which guideline target rents are determined through the national rent regime.

3.7 It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the Isle of Wight Council or with the Housing Corporation as a condition through regulation or contract to meet the criteria.

3.8 On the Island only households on the Island Housing Register are eligible to be allocated social rented housing.

Intermediate Rented Housing

3.9 Intermediate rented homes are provided at rent levels above those of social rented but below private rented.

Discounted Sale Housing

3.10 Discounted sale homes have a simple discount for the purchaser on its market price, so the purchaser buys the whole home at a reduced rate. The unsold equity share would be retained and this discount would follow on to the next owner, e.g. as used by Merlion Housing

Shared Equity Housing

3.11 Shared equity housing describes the situation where more than one party has an interest in the value of the home e.g. an equity loan arrangement or a shared ownership lease. There may be a charge on the loan, and restrictions on price, access and resale.

3.12 Shared ownership is a form of shared equity under which the purchaser buys an initial share in a home from a housing provider, who retains the remaining share and may charge a rent. The purchaser may buy additional shares ('staircasing'), and this payment should be 'recycled' for more affordable housing. In most cases, a purchaser may buy the final share ('staircase out') and own the whole home, though this may be restricted in some rural areas. Other products that are available include Home Buy housing schemes.

What affordable housing is *not*:

3.13 If a housing scheme does not:

- Provide accommodation at a cost low enough for people to afford, determined with regard to local incomes and local house prices;
- Provide accommodation retained for future eligible households; or if these restrictions are lifted, for any subsidy to be recycled for alternative affordable housing provision.

Then it is not considered as 'affordable housing'

3.14 For example: homes sold at a discounted price should only be considered affordable housing if they meet the criteria in the definition above. If they do not, even if offered at less than market price, they should be considered 'low cost market housing' and thus are outside the definition of affordable housing.

Housing Trusts

3.15 A 'Housing Trust' or 'Community Land Trust' (CLT) is a mechanism for the democratic ownership of land by the local community. Land is taken out of the market and separated from its productive use so that the impact of land appreciation is removed, therefore enabling long-term affordable and sustainable local development.

3.16 The value of public investment, philanthropic gifts, charitable endowments, legacies or development gain is thus captured in perpetuity, underpinning the sustainable development of a defined locality or community. Through CLTs, local residents and businesses participate in and take responsibility for planning and delivering redevelopment schemes.

3.17 What do CLTs do?

Activities include:

- Developing affordable housing to rent or buy for members of the community.
- Enabling residents on lower incomes to acquire an economic interest in

the success of their community.

- Developing land for affordable workspace and retail units.
- Providing and maintaining community facilities for social and public services.
- Managing green spaces, conservation areas and providing access for new entrants to farming.
- Promoting resident involvement, local democracy and active citizenship.

THE NATIONAL AND REGIONAL CONTEXT

3.18 On 26 November 2006 the DCLG launched Planning Policy Statement 3 (PPS3) and accompanied it with guidance on 'Delivering Affordable Housing' Both of these documents can be found at www.communities.gov.uk

3.19 Planning Policy Statements (PPS) set out the Government's national policies on aspects of planning in England. PPS3 sets out the national planning policy framework for delivering the affordability and supply of housing in all communities, including rural areas.

3.20 The policies in this PPS should be taken into account by Local Planning Authorities and Regional Planning Bodies in the preparation of their Local Development Documents and Regional Spatial Strategies.

PPS3 seeks to achieve

- a wide choice of high quality homes, both affordable and market housing, to address the requirements of the community.
- increased opportunities for home ownership and ensure high quality housing for those who cannot afford market housing, in particular those who are vulnerable or in need.
- improvements in affordability across the housing market, including by increasing the supply of housing.
- a sustainable, inclusive, mixed communities in all areas, both urban and rural

3.21 The Barker Review recommended that the UK needed more homes in order to address issues of affordability (2004). Leading on from this review, The

Campaign to Protect Rural England (CPRE, 2006) suggest that sustainable patterns of development of genuinely affordable housing should be supported rather than car-based sprawl. They consider that this will entail making the best use of resources in terms of land, water, energy and materials.

3.22 Achieving a mix of housing

3.23 Local Authorities need to plan for a mix of housing on the basis of the different types of households that are likely to require housing over the plan period.

This will include having particular regard to:

- Current and future demographic trends and profiles.
- The accommodation requirements of specific groups, in particular, families with children, older and disabled people.
- The diverse range of requirements across the area, including the need to accommodate Gypsies and Travellers.

3.24 Based upon the findings of the Housing Market Assessment, Housing Needs Survey and other local evidence, Local Authorities should set out in its Housing and Employment DPD:

- The likely overall proportions of households that require market or affordable housing.
- The likely profile of household types requiring market housing e.g. multi-person.
- The size and type of affordable housing required.

Market Housing

3.25 One of the Government's key objectives is to provide a variety of high quality market housing. This includes addressing any shortfalls in the supply of market housing and encouraging the managed replacement of housing, where appropriate.

3.26 Local Authorities need to plan for the full range of market housing. In particular the need to deliver low-cost market housing as part of the housing

mix. It should be noted that low cost market housing is no longer considered by the Government to fall under the definition of affordable housing.

Housing and Employment DPD

3.27 In our Housing and Employment DPD we need to:

- Set an overall (i.e. plan-wide) target for the amount of affordable housing to be provided.
- Set separate targets for social-rented and intermediate affordable housing where appropriate.
- Specify the size and type of affordable housing that, in our judgement, is likely to be needed in particular locations and, where appropriate, on specific sites.
- Set out the range of circumstances in which affordable housing will be required. The national indicative minimum site size threshold is 15 dwellings.
- In particular, as the new definition of 'affordable housing' excludes 'low cost market housing' when deciding upon the proportion of Affordable Housing to press for it will be necessary to take into account the amount of low cost housing that the developer proposes to provide on the site. This means that different solutions may be sought in different circumstances. Affordable housing will be considered first and if additional subsidy is available then this can be used to bring forward low cost market housing.
- Set out the approach to seeking developer contributions to facilitate the provision of affordable housing. In seeking developer contributions, the presumption is that affordable housing will normally be provided on the application site so that it contributes towards creating a mix of housing.

3.28 Where viable and practical, Local Authorities should consider allocating and releasing sites solely for affordable housing, including using a Rural Exception Site Policy, to provide for affordable housing in perpetuity.

3.29 New housing market forecasts, commissioned from Oxford Economic

Forecasting by the National Housing Federation, indicate that by 2011 people in the South East will be faced with an average house price of more than £322,000, nearly 40% higher than today.

3.30 The house price to income ratio in the South East has spiraled in only eight years from a very expensive but manageable for some 4.8, to today's unaffordable figure of nearly nine. In many parts of the region, the situation is considerably worse. The Isle of Wight has seen the ratio move from 3.9 to 10.2 in the same period.

3.31 The South East is producing only three quarters of the new affordable homes it needs each year:

- Last year a total of 25,692 homes were built in the South East. Of these 5,870 were affordable homes for people unable to buy in the open market.
- Affordable housing represented 23% of all new homes produced in the region last year.
- The draft South East Plan (Regional Spatial Strategy) suggests that 35% of all new building in the region to 2026 should be affordable homes: around 10,115 of a proposed regional planning total of 28,900 homes a year.
- Right to Buy and other sales in the region of 2,766 homes offset nearly half of all new affordable homes built last year. So, for every two homes built one was sold.
- On average, each local authority in the South East had a net gain of just 42 new affordable homes after taking into account the effects of sales of affordable housing.

THE LOCAL CONTEXT

3.32 The Isle of Wight, due to its discrete nature, has the following issues that need to be addressed:

- 18% of households on the Island are in receipt of income support: the highest proportion in the South East.
- 25% of Island residents are in receipt of means tested benefits

- 90% of Island households earn less than £23,920 with 63% earning less than £18,200,
- The average house price on the Island between July to September 2006, based on selling prices, was £206,929
- The average gross annual income for residents on the Island in 2006 was £16,162
- This would enable an average earner to afford a £60,000 property based on a mortgage of 3.5 times income
- Typical first time buyer housing on the Island starts at £85,000
- Buy to let properties are providing a good supply of rented housing but there are issues over gaining access to rural rented housing with average three bedroom houses in Ryde renting at £610 per month compared to £795 per month in the West Wight.
- The affordability gap is even greater for many households who are much worse off than the average would suggest. An analysis of applicants on the Common Housing Register indicates an average head of household income of £6230.38. This would allow only a £21,800 mortgage. On the basis of the National Housing Federation (NHF) definition of affordability, i.e. 25% of income for housing costs, this would suggest an ability to pay of only £30 per week. In reality this means that for 90% of Island House holds using a mortgage to purchase any type of home will be extremely difficult.

3.33 Some 81% of existing homes on the Island are owner occupied. Although some assistance is offered by the private rented sector to those in Housing Need its contribution is highly marginalised at only 7% of the total stock. There is a heavy dependence on assured short-hold tenancies and supply of these properties is subject to seasonal fluctuations. The remaining 12% of the stock of housing is located in the social housing at affordable rents; consequently demand for these properties is heavy and reflected by the pressures on the Councils Housing Register.

3.34 The Isle of Wight Council has set out its policy for 'affordable housing' in the Unitary Development Plan and Affordable Housing Supplementary Planning guidance. It is important to understand that the Councils current interpretation of Affordable Housing is set out in these documents that were adopted in

2001.

3.35 This Statutory Plan will remain the governing document until it is replaced by the Island Plan Housing and Employment Development Plan Document. Until this document is in place the Isle of Wight's definition of affordable housing will, for practical purposes, remain unchanged.

3.36 The following is set out in the UDP at policy h14 as the definition of affordable housing:

"The scale and type of provision will be considered in relation to local needs however, the Council is seeking to achieve housing on appropriate sites to be developed and handed over to a Registered Social Landlord at a discounted price (50% market value).

Mechanisms will need to be put in place to ensure such provision remains in affordable use in the long term". Members will therefore appreciate that this might be a difficult definition for developers to understand and attempt to work with us and implement".

3.37 Our Supplementary Planning Guidance adopted in September 2004 goes further than this by stating:

"Notwithstanding Circular 6/98, the Council does not envisage that low cost 'market housing' will contribute towards meeting the identified affordable housing needs of the Island. This view was supported by the UDP Inspector, who endorsed the Council's approach on this issue. If RSL's and/or developers wish to provide low cost 'market housing', such dwellings must be over and above the proportion of affordable housing on each housing allocation needed to satisfy the requirements of the UDP." (page 3)

3.38 The Island Plan Core Strategy sets out the overarching policy aim for affordable housing on the Isle of Wight. Detailed policy on mechanisms will be set out in the Housing and Employment DPD.

- 3.39 In the Core Strategy affordable housing is defined as housing built or acquired by a Registered Social Landlord that is provided with a subsidy to enable the selling price, rent or combination to be lower than the prevailing market place in the locality and which is subject to mechanisms that ensure that the housing remains affordable for those who cannot afford market or sub-market housing.
- 3.40 Sub-market housing is defined as housing that is provided with a subsidy to enable the selling price, rent or combination to be lower than the prevailing market place in the locality and which is subject to mechanisms that ensure that housing is adaptable to meet the needs of residents and to achieve a balanced housing.
- 3.41 The Island plan core strategy sets out to ensure that 35% of all new housing is affordable housing, made up of a mix of tenures and types of units required as provision on site, unless site specific considerations dictate otherwise.
- 3.42 The Island plan core strategy also states that affordable housing and sub-market units will be fully integrated and indistinguishable from other units built on the same development.
- 3.43 The Island Plan Core Strategy will have to be changed to meet the revised definitions as set out in “PPS3” and “Delivering Affordable Housing” (Department of Communities and Local Government, 2006)
- 3.44 The Isle of Wight Council has commissioned GVA Grimley to carry out a Housing Market Assessment (HMA) (2006). This will inform policy evolution including: the revision of the ‘Island’s Housing Strategy’ and development of the ‘Housing and Employment Development Plan Document’ (DPD) within the Council’s ‘Local Development Framework’ (LDF).
- 3.45 It will enable the Council to meet its Comprehensive Performance Assessment (CPA) objectives for the management of housing markets. Specifically, the remit of the HMA is to
- confirm that the Island is its own sub-regional housing market

- establish a strategic policy context in which the housing market operates
- examine the housing market and how it operates, principally looking at the dynamic between dwellings and households
- understand recent and current trends in supply and demand for housing
- assess the impact of economic and demographic trends on the housing market
- understand potential future trends in supply and demand
- identify the different tenures required in the housing market area
- assess the overall shortfall of housing relative to demand and how this breaks down by area, tenure etc. given current policy and to consider options to intervene to readdress imbalances

3.46 As part of this process a new Housing Needs Survey has been commissioned which studies the demand for housing across the Island and now contains the latest findings for the Island. This report confirms that there is a need to have separate policies for low cost market housing on the Island to dovetail with the provision of “affordable housing” and provide more choice in the housing market.

3.47 It is important that the correct size mix of housing is provided. The following table sets out the scale of need for social rented housing as identified by the Housing Market Assessment 2006:

Social Rented Housing

Household Sizes	% of total	Current provision	Actual need (1)	Need in 5yrs (2)
1 bed	33%	2152	3698	4728
2 beds	32%	2097	3742	4786
3 beds	32%	2075	3719	4757
4 beds	3%	109	250	307
4+ beds	.04	3	34	44

(1) Actual need: Number of people currently in social rented housing plus the total on the register less the proportion of those on the register who already live in social rented housing.

(2) Need in five years: Newly forming households times the number of HNS respondents who indicated a wish for moving into social rented housing plus actual need.

3.48 The annual shortfall of affordable housing on the island over the next five years is 1595.

3.49 Alongside this report Three Dragons and Heriot Watt University were commissioned by the South East County Leaders to examine the potential Scale and Potential demand for intermediate housing. Their report states that the overall demand for affordable housing is 45% of all housing and that intermediate housing should contribute to meeting the needs of around 8% of that market.

3.50 There is insufficient subsidy available to build the amount of affordable housing that the Isle of Wight requires to meet local needs. The Island receives, around £4.6M per year through the Housing Corporation, to enable the development of new affordable housing schemes. This funding enables about 100 new units to be brought forward per year.

4. CONSULTATION

4.1. The recommendations contained in this report have been produced against an extensive background of consultation. The Commission has worked through formal and informal meetings, stakeholder groups, a dedicated email address, through consultation at a Housing Summit and through the Housing Strategy Consultation.

4.2. Consultees included two other local authorities:

- Milton Keynes Council, 12 December 2006
- East Hants District council, 29 September 2006

4.3. Individuals seen / representations received from:

- Carol Alstrom, Isle of Wight NHS Primary Care Trust
- Barratt Homes

- Mr Morris Barton, advisor to developers
- Dr Paul Bingham, Director of Public Health, Isle of Wight NHS Primary Care Trust
- Mr Ashley Curzon, Head of Regeneration, Isle of Wight Council
- Leigh Edwards, KingsOak
- English Partnerships
- The Federation of House Builders
- Conal Grier and Isle of Wight NHS Primary Care Trust
- Glen Hepburn, advisor to developers
- Housing summit attendees (held on 6 September 2006).
- Cllr Gill Kennet, Housing champion
- Sharon Packer, Rural Housing Enabler
- Neil Payne, developer
- Martyn Pearl, Medina Housing
- Mr Christopher Scott, developer
- Mr William Smith, developer
- Margaret Wright, South Wight housing

4.4. In addition to the Policy Commission's work, views and information has been gathered as part of the development of the new Housing Strategy. This includes the Housing Summit, Housing Needs Survey and Housing Market Assessment.

5. ISSUES IDENTIFIED

- 5.1 There is a new set of definitions for affordable housing and low cost market housing that should bring clarity and allow a consistency of approach between the council, housing associations and private developers.
- 5.2 The Island must develop some additional policies for low cost market housing to sit alongside the policies it needs to develop for affordable housing.
- 5.3 The Isle of Wight Council must work with the private sector to develop new models that deliver affordable and low cost market housing for Island residents. These need to be new models for the Island that will lead to an increase in supply.

- 5.4 The Isle of Wight Council must ensure that it sets appropriate threshold levels, based on market evidence, when negotiating provision of affordable housing by private developers.
- 5.5 The Isle of Wight Council must ensure that consultation with developers is paramount in any changes that are made and that changes are phased in over time to allow the regeneration of the Island to flourish.
- 5.6 The Isle of Wight Council must be a strategic leader in setting design statements on the type of housing it would like to see built. These design statements would have to be ensured through planning guidance and appropriate policies.
- 5.7 The Isle of Wight Council must ensure that sustainable communities are built rather than just producing a collection of houses. The expectation should be that private developers will provide the same community based services as Housing Associations.
- 5.8 The Isle of Wight Council must set a level of affordable housing and low cost market housing that will ensure that developments still come forward and this needs to be done with the full co-operation of private developers.
- 5.9 The Isle of Wight Council does not receive enough external funding to deliver the affordable housing and low cost market housing that the new housing survey suggests is required by the Council it requires and therefore needs to explore alternative methods of funding provision.
- 5.10 The Island has not developed enough affordable housing to meet the needs of rural locations and therefore has to develop policies that specifically meet the needs of parishes and village.

6. RISK

For each of the recommendations made risks have been identified. The scoring is shown in Appendix One.

6.1 Recommendation 1: To confirm that we accept the new definitions of “affordable housing” and “low cost market housing” as set out in PPS3 and “Delivering affordable housing”.

Risks: If we do not accept the new definitions of affordable housing and low cost market housing we may be subject to legal challenge at planning stage on developments that we are seeking to negotiate on. We also may receive less funding from government sources which would limit the Councils ability to deliver its housing objectives for the Island.

Risk Mitigation: Accept the new definitions of “affordable housing” and “low cost market housing” and widely publicise these with private developers and agents.

6.2 Recommendation 2: Develop policies for low cost market housing

To develop detailed planning policies on low cost market housing to meet the needs of Island residents.

Risks: If we do not deliver policies for low cost market housing we will be subject to examination by the Planning Inspector and this will delay the delivery of our Housing and Employment DPD and lead to a reduction in output of affordable housing.

Risk Mitigation: Develop policies for low cost market housing and ensure that these are incorporated within Housing and Employment DPD.

6.3 Recommendation 3: The council carries out further work to assess the viability of setting up a Housing Trust. This should include homes with a continuing discount.

Risks: The risk to the Council of not investigating this possibility is a reduction in reputation with private development partners.

Risk Mitigation: Involvement of private sector in discussions over setting up an Island Housing Trust.

6.4 Recommendation 4: The Council investigates the feasibility of introducing a

tiered tariff system for affordable housing to replace the current threshold system. Any tariff system should be based on value rather than the number of units and begin at one unit.

Risks: The Council needs to communicate this with every house builder on the Island before matters are taken any further to reduce risk of public not understanding the reason why we need contributions from every development.

Risk Mitigation: Regular Housing Enabling newsletter to communicate changes to policy objectives.

6.5 Recommendation 5: Bring in changes with six month phasing

That any changes to existing affordable housing policy thresholds should be phased in over a minimum of six months and involve consultation with developers and other stakeholders.

Risks: Developers will purchase land and plan developments on the basis of current policy and then will not be able to bring forward schemes if planning policies change after they have planned schemes in detail. The risk is that this will halt development on some sites.

Risk mitigation: Involvement of private developers in discussions over changes to Housing and Employment DPD

6.6 Recommendation 6: Develop design statements for large developments

That the Council to develop design statements/specifications for large developments (the definition of 'large' to be determined) to set out the Council's vision for particular development sites.

Risks: There is a possibility that developers can only afford to make a certain level of contributions on a site and therefore other community benefits may have to reduce as a result.

Risk mitigation: Involvement of private developers in discussions over changes to Housing and Employment DPD.

6.7 Recommendation 7: Make the funding of development workers a condition of planning approval

Neighbourhood Involvement Workers should be funded by developers as a condition of planning, for large (the definition of 'large' to be determined) developments. The role of these people would be to bring residents together in order to encourage the building of sustainable communities, rather than just houses.

Risks: There is a possibility that developers can only afford to make a certain level of contributions on a site and therefore other community benefits may have to reduce as a result.

Risk mitigation: Involvement of private developers in discussions over changes to Housing and Employment DPD.

6.8 Recommendation 8: To ensure that the provision of affordable housing and low cost market housing is maximised on large sites. The definition of 'large' is yet to be determined but for example: Council owned land at Pan. However, development of sites must have a sympathetic approach to the environment, quality of life and sustainable community issues.

Risks:

1. That developers will not bring forward sites, leading to a reduction in affordable and low cost market housing
2. Risk to Council's reputation if development viability is not included as a determining factor in ensuring provision of affordable and low cost market housing as well as other community benefits

Risk mitigation: To ensure that private developers are fully involved in discussions over development viability at planning application stage.

6.9 Recommendation 9: That the Housing Department seeks to increase the level of investment for affordable housing brought to the Island through bids for innovation funding, e.g. the Housing Corporation's Innovation and Good Practice

grant programme

Risks: The risk associated with this recommendation is that officer time may be spent on developing bids as an alternative to delivering outcomes in another area.

Risk Mitigation: Only bid for funds that the Island has a good/very good chance of securing.

6.10 Recommendation 10: That specific policies are developed for affordable and low cost market housing in rural locations.

Risks: The risk to the Council is to its reputation. There is a specific requirement to meet the housing needs of rural towns and villages on the Island. New schemes need to meet the needs identified by Parish Plans and to work to deliver objectives on a local basis as empowered by the Local Government White Paper: Strong and Prosperous Communities.

Risk Mitigation: Involvement of Town and Parish Councils in policy development.

6.11 Financial Risk: The annual revenue budget for homelessness contains limited resources for temporary accommodation. If the supply of affordable housing is not sufficient this may impact upon the Council's ability to remain within this budget.

Appendix 1 contains scoring for each of the above risks.

6.12 Legal implications

6.12.1 Legal issues relating to this blue paper have been identified as follows:

The Recommendations have regard to central Government advice and to the statutory requirement for the Island to produce an Island Plan/LDF and the risks related to each recommendation are identified.

7 EVIDENCE/BACKGROUND PAPERS/ADDITIONAL INFORMATION

Documents available on request.

7.1 External

- Affordable Housing Rural Commission Report. *Affordable Housing Rural Commission Report*. DEFRA. 2006
- Barker, Kate. 2004. *Delivering stability: securing our future housing need - Barker Review of Housing Supply - Final Report*. HM Treasury. Available at: http://www.hm-treasury.gov.uk/consultations_and_legislation/barker/consult_barker_index.cfm
- Campaign to Protect Rural England. 2006. *News Briefing - Will new Government policy deliver the homes we need where we need them?* Available from: <http://www.cpre.org.uk/news/view/337>
- Scott., Christopher. 2006. *Presentation for affordable housing*.
- Department for Communities and Local Government. 2006. *Planning Policy Statement 3 (PPS3)*. This can be found at Communitites.gov.uk
- Department for Communities and Local Government. 2006. *Delivering Affordable Housing*. This can be found at Communitites.gov.uk
- Email from Home Builders Federation. November 2006
- GVA Grimley. 2006. *Housing market assessment*.
- Letter from Barratt Homes. November 2006
- Letter from English Partnerships. November 2006.

7.2 Internal

- Isle of Wight Council (IWC). *Affordable housing stakeholder meeting – Conal Grier and Carol Alstrom*. 16 November 2006
- IWC. *Affordable housing stakeholder meeting – Glen Hepburn*. 30 October 2006
- IWC. *Affordable housing stakeholder meeting – Leigh Edwards, Kingsoak*. 13 November 20
- IWC. *Affordable housing stakeholder meeting - Neil Payne (private developer)*. 2 November 2006 IWC.
- IWC. *Affordable housing stakeholder meeting – William Tudor-Smith (private developer)*. November 2006
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October 2006

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Prepared by:

Cllr Colin West and David Whittaker – Lead Members on the enquiry, Policy Commission for Care, Health and Housing

Cllr Erica Oulton, Chair, Policy Commission for Care, Health and Housing

Mark Howell, Head of Housing

Peter Griffiths, Housing Research Development and Enabling

Louise Biggs, Overview and Scrutiny Team

Appendix One

Policy Commission Blue Paper – Affordable Housing Risk assessment of recommendations

The table below shows the level of risk envisaged for each recommendation. This is broken down into the probability (Pr) of it happening, the Impact (Im) and the resultant score. Please see the risk matrix on page three for an explanation of how the score is calculated.

Recommendation 1: To confirm that we accept the new definitions of ‘affordable housing’ and ‘low cost market housing’ as set out in PPS3 and ‘Delivering affordable housing’

Risk	Score (probability & impact)
The council is subject to legal challenge at the planning stage and reduced government investment from not accepting the new definitions of affordable housing and low cost market homes.	3 & 3 = 12

Recommendation 2: To develop detailed planning policies on low cost market housing to meet the needs of Island residents

Risk	Score (probability & impact)
Not developing low-cost market housing could mean that the Island Plan is subject to further examination by the Planning Inspector. This would delay the delivery of our Housing and Employment DPD leading to a reduction in output of affordable housing	3 & 3 = 12

Recommendation 3: The council carries out further work to assess the viability of setting up a Housing Trust. This should include homes with a continuing discount.

Risk	Score (probability & impact)
Reputation loss with private developers due to not listening to their views	3 & 2 = 8

Recommendation 4: The Council investigates the feasibility of introducing a tiered tariff system for affordable housing to replace the current threshold system. Any tariff system should be based on value rather than the number of units and begin at one unit.

Risk	Score (probability & impact)
Reputation loss with private developers and community from not communicating policy changes effectively	2 & 2 = 5

Recommendation 5: That any changes to existing affordable housing policy thresholds should be phased in over a minimum of six months and involve consultation with developers and other stakeholders.

Risk	Score (probability & impact)
Schemes not being brought forward because developers have purchased land and then local authority has changed the planning process	2 & 2 = 5

Recommendation 6: That the Council to develop design statements / specifications for large developments (the definition of 'large' to be determined) to set out the Council's vision for particular development sites.

Risk	Score (probability & impact)
Reduction in other community benefits due to need to fund these costs through planning	3 & 3 = 12

consent agreements	
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Recommendation 7: Neighbourhood Involvement Workers should be funded by developers as a condition of planning, for large (the definition of 'large' to be determined) developments. The role of these people would be to bring residents together in order to encourage the building sustainable communities, rather than just houses.

Risk	Score (probability & impact)
Creating these posts could reduce other community benefits due to need to fund these through planning consent agreements	3 & 3 = 12

Recommendation 8: To ensure that the provision of affordable housing and low cost market housing is maximised on large sites (large to be determined for example Council owned land at PAN), but that the development of sites must have a sympathetic approach to the environment, quality of life and sustainable community issues.

Risk	Score (probability & impact)
The risk to the Council is that developers will not bring forward sites, leading to a reduction in affordable and low cost market housing	2 & 2 = 5
The risk to the Council is one of reputation if development viability is not included as a determining factor in ensuring provision of affordable and low cost market housing as well as other community benefits	2 & 1 = 2

Recommendation 9: That the Housing Department seeks to increase the level of investment for affordable housing brought to the Island through bids for innovation funding.

Risk	Score (probability & impact)
More Officer time spent on creating innovative bids, leading to a reduction in outputs in other areas	1 & 3 = 6

Recommendation 10: That specific policies are developed for affordable and low cost market housing in rural locations.

Risk	Score (probability & impact)
The risk to the Council of not developing rural policies is reputational. There is a specific requirement to meet the housing needs of rural towns and villages on the Island. New schemes need to meet the needs identified by Parish Plans and to work to deliver objectives on a local basis as empowered by the Local Government White Paper: Strong and Prosperous Communities.	3 & 2 = 8

Financial Risk

Risk	Score (probability & impact)
The annual revenue budget for homelessness contains limited resources for temporary accommodation. If the supply of affordable housing is not sufficient this may impact upon the Council's ability to remain within this budget.	2 & 3 = 9

Risk Prioritisation Matrix

Likelihood/Probability	4 V. Likely	7	11	14	16
	3 Likely	4	8	12	15
	2 Unlikely	2	5	9	13
	1 Remote	1	3	6	10
	Scale	1 Low	2 Medium	3 High	4 Major

Impact/Severity

15 - 16	Red	V. high risk
12 - 14	Red	High risk
7 - 11	Amber	Medium risk
1 - 6	Green	Low risk

Likelihood/Probability Criteria

FACTOR	SCALE	THREATS - DESCRIPTION	INDICATORS
Very likely	4	More than 75% chance of occurrence	Regular occurrence Circumstances frequently encountered - daily/weekly/monthly
Likely	3	40% - 75% chance of occurrence	Likely to happen at some point within the next 1-2 years Circumstances occasionally encountered (few times a year)
Unlikely	2	10% - 40% chance of occurrence	Only likely to happen 3 or more years
Remote	1	Less than 10% chance of occurrence	Has happened rarely/never before

Impact/Severity Criteria

Factor	Scale	Effect on Service	Embarrassment/reputation	Personal Safety	Personal privacy infringement	Failure to provide statutory duties/meet legal obligations	Financial	Effect on Project Objectives/ Schedule Deadlines
Major	4	Major loss of service, including several important areas of service and /or protracted period. Service Disruption 5+ Days	Adverse and persistent national media coverage Adverse central government response, involving (threat of) removal of delegated powers Officer(s) and/or Members forced to resign	Death of an individual or several people	All personal details compromised/ revealed	Litigation/claims/fines from Departmental £250k + Corporate £500k +	Costing over £500,000 Up to 75% of Budget	Complete failure of project/ extreme delay – 3 months or more
High	3	Complete loss of an important service area for a short period Major effect to services in one or more areas for a period of weeks Service Disruption 3-5 Days	Adverse publicity in professional/municipal press, affecting perception/standing in professional/local government community Adverse local publicity of a major and persistent nature	Major injury to an individual or several people	Many individual personal details compromised/ revealed	Litigation/claims/fines from Departmental £50k to £125k Corporate £100k to £250k	Costing between £50,000 and £500,000 Up to 50% of Budget	Significant impact on project or most of expected benefits fail/ major delay – 2-3 months
Medium	2	Major effect to an important service area for a short period Adverse effect to services in one or more areas for a period of weeks Service Disruption 2-3 Days	Adverse local publicity /local public opinion aware Statutory prosecution of a non-serious nature	Severe injury to an individual or several people	Some individual personal details compromised/ revealed	Litigation/claims/fines from Departmental £25k to £50k Corporate £50k to £100k	Costing between £5,000 and £50,000 Up to 25% of Budget	Adverse effect on project/ significant slippage – 3 weeks–2 months
Low	1	Brief disruption of important service area Significant effect to non-crucial service area Service Disruption 1Day	Contained within section/Unit or Directorate Complaint from individual/small group, of arguable merit	Minor injury or discomfort to an individual or several people	Isolated individual personal detail compromised/ revealed	Litigation/claims/fines from Departmental £12k to £25k Corporate £25k to £50k	Costing less than £5,000 Up to 10% of Budget	Minimal impact to project/ slight delay less than 2 weeks