

PROGRESS ON THE AFFORDABLE HOUSING STRATEGY

END OF YEAR 2008/09 REPORT

1. Background:

1.1 The Council's Affordable Housing Strategy was introduced in the summer of 2006 and has now run for just over two and a half years. The strategy set the target of 530 additional affordable housing lettings over a five year period. Since the introduction of the strategy significant progress has been made in improving the availability of affordable accommodation for both sale and rent in the borough. However, this is set against a difficult housing market for those in housing need with the general economic situation making the situation volatile and difficult to manage.

2. Local and National Context:

2.1 The strategy was introduced in response to the 2005 report "Wigan's Changing Housing Markets" and the Housing Needs Survey Update 2005 which recognised that for the first time access into affordable accommodation was becoming difficult for many households across Wigan.

2.2 As reported in the Affordable Housing Strategy update last year (17th September 2007), Central Government has recognised the issue of affordability in its Housing Green Paper "Homes for the future: more affordable, more sustainable" where it increased its housing completion targets and announced £8 billion investment in the provision of affordable housing in 2008-11.

2.3 Although there has been a slow down in the housing market in recent months, housing affordability remains a serious issue for increasing numbers of people. The Council commissioned a Local Housing Needs Survey in 2008 which shows that affordability in the borough has worsened considerably since the last survey update in 2005. The study revealed the average house price in the Borough to be £134,025, with average earnings of £21,352 (ONS 2007), this means borrowing around 6 times the annual salary (assuming a 5% deposit). The study found that 82% of newly forming households were unlikely to be able to access even the cheapest housing for sale and 65% were unlikely to be able to access private rented homes in the borough due to affordability. This scenario covers most of the country and indeed the situation is not as severe in the Wigan as in many other areas, however given housing has historically been easy to access in the borough these shortages are a major concern. Current price reductions and low interest rates would normally relieve some of these pressures, but due to lending practices and growing economic uncertainty this is currently not occurring. In short, the borough now faces many of the housing issues which have affected much of the country for a number of years.

2.4 Progress against the action plan to date is shown below, but recognition is made that there needs to be some significant changes to the targets and actions set in 2006 to respond to current circumstances, including;

- Increased levels of housing need identified in the Housing Needs Survey 2008
- Emergence of new frameworks for the sub regional housing market assessment and housing strategy
- New development opportunities within strategic regeneration sites in the borough

- Increased investment opportunities via the new Homes and Communities Agency and Wigan and Leigh Housing ability to develop.
- Development of Wigan's Local Development Framework
- State of the local housing market and the rapid slowdown in housebuilding
- Reduced Sec106 monies (both on and off site)

2.5 These changing circumstances are reflected within the separate reports on the Housing Effects of the Recession and the urgent actions undertaken in response to this. However once the overall housing market situation stabilizes it is intended that a far more wide reaching review of this strategy will be needed.

3. Progress against Affordable Housing Strategy 2008/09

3.1 An update of the Action Plan is attached as Appendix A but the main achievements include :

- 15 low cost home ownership units delivered through planning obligations. 14 at Gin Pit Village plus one at The Groves, Wigan Road, Ashton. There are a further 3 planning approvals with obligations for a further 24 homes, however, due to the current economic conditions, we are only likely to deliver 4 of these in the near future.
- A total of £1.25m has been secured through planning obligations to provide commuted sums for the delivery of affordable housing, although this is yet to be received.
- Successful bids made to the Homes and Communities Agency (HCA) have been made in the main bidding round last year securing £3.3m grant funding for a total of 74 new homes to a value of £10m. This included the Council contributing land to a large development.
- Further bids have been made this year through Regular Market Engagement resulting in a further £1.38m grant securing 28 additional homes for rent. We are still awaiting announcements on further bids aimed at bringing into use vacant newly built property.
- Additional allocation through the HCA Homebuy Direct programme has secured over 80 unsold new build properties at 5 developments in the borough for low cost home ownership.
- New development opportunities are being developed with Wigan and Leigh Housing. The submission of the first bid for HCA funding for 50 units has been made which will include a Council contribution in the form of land / finance. Feasibility studies are being conducted for further schemes.
- The 2008 Housing Needs and Demand Study and the Greater Manchester Strategic Housing Market Assessment 2008 have been completed.

4. Progress in terms of Additional Affordable Lettings / Newly Developed Homes

4.1 In the first year of the Strategy (2006/07) a total of 197 additional affordable housing lettings were created. This included significant numbers of WALH homes which were committed to the Asylum Seekers contract and which were brought back to meeting housing needs by transferring the contract to the private sector and by establishing the Bond scheme. During the second year of the strategy 14 more affordable homes via the Affordable Housing Planning Policy were built, 7 more have been provided by Housing Associations using HCA monies and a further 8 properties were provided via the Bond scheme.

Thus the total of additional affordable housing units made available in the first two years was **226**. This excluded other gains made in the period such as the reduction in empty social housing and the renegotiated RSL nominations (many now providing 100% of nominations).

- 4.2 In terms of additional units created since summer a total of 69 have become available of which 26 are for rent. Thus the ongoing total after just over half way through the strategy is **295**. Again this ignores complementary action such as the proactive provision of private sector housing (via leasing) for significant numbers of asylum seekers given leave to remain (54).
- 4.3 Given the economic situation there is greater difficulty in developing affordable housing especially given the scarcity of anticipated Sec 106 monies. However the prospects over the next couple of years for additional homes is reasonable as there are allocations approved from the HCA for approximately 119 additional homes. In addition the Social Lettings Agency (Wigan Housing Solutions) is looking to provide up to 150 units over the same period. Therefore there is potentially a further **260+** additional lettings in the pipeline.
- 4.4 In addition there are a number of new bids that have been submitted to the HCA in recent months which include the innovative Wigan and Leigh Housing bid at Scholes (50) and we have been working pro actively with developers on a range of further existing sites . The development of these will be subject to obtaining grant funding from the HCA. Further units have been agreed via Section 106 agreements however a number of these have been delayed in starting due to the recession, it is therefore uncertain whether these will provide homes in the near future.

| Delivery of affordable housing | | | |
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| Year | 2006 /07 | 2007/08 | 2008/09 |
| Number of additional affordable lettings (cumulative against 530 target) | 197 | 226 | 295 |
| Number of new affordable homes delivered (155) | 1 | 20 | 69 |

5. Conclusions:

- 5.1 This report provides an in year update on the progress against the Affordable Housing Strategy . It needs to be emphasised that given the rapidly changing circumstances occurring at the moment it is vital that we explore all opportunities and a more fundamental review of the Affordable Housing Strategy will be presented later in the year.

Appendix A -Affordable Housing Action Plan – Update April 2009

Theme: People and Choice

| What is the issue/ problem we need to address ? | How will we deal with it? (Priorities/ objectives) | Resources | Milestones / Targets | | | S target |
|---|---|--------------------------|--|--|--|--|
| | | | 2006/07 | 2007/08 | 2008 onwards | |
| Ensure Access to affordable homes | It is vital that the existing affordable housing stock is used to the maximum effect given the current systems, allocation procedures and using the current supply efficiently. | | | | | |
| | <ul style="list-style-type: none"> ▪ Property Shops | Mainstream monies | Develop the role of property shops to include private landlords and RSLs and affordable housing. | Develop the role of the Property Shops to include shared ownership/ equity schemes | | Prop shops have evolved multi-lanc serv prov |
| | <ul style="list-style-type: none"> ▪ Choice based lettings | | Implement reviewed Allocation system | | Review allocation System. | |
| | <ul style="list-style-type: none"> • Negotiation of RSL nomination rights | | | Review operation of RSL nomination system | | |
| | <ul style="list-style-type: none"> • Minimising voids in Council stock | Housing Revenue Account | Ensure voids for WALH are below 1.5% | | | Ens void WAL below in 2 |
| | <ul style="list-style-type: none"> ▪ Homeless Prevention measures | Homelessness Directorate | Implement actions from Homelessness Strategy Action Plan | | Produce new Homelessness Strategy with focus on prevention | |

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| | <ul style="list-style-type: none"> ▪ Cross agency initiatives | Housing Corporation funds (now HCA) | Participate in Open Market HomeBuy (Plumlife) | Evaluate and consider use of commuted sums for further funding | | |
| | <ul style="list-style-type: none"> ▪ Landlord Accreditation Scheme | Nil | Continue to promote | —————→ | —————→ | |
| | <ul style="list-style-type: none"> ▪ New affordable home ownership allocation and eligibility criteria and marketing | | Develop systems to allocate affordable housing produced through planning policy | Develop marketing of new affordable homes, may include appointment of officer within Property Shops | | |
| | <ul style="list-style-type: none"> ▪ Incentives | Affordable Housing / mainstream funds | | Consider the use of incentives to allow existing social rented tenants to move into affordable home ownership, thus releasing rented properties | | |
| Provide more affordable homes | | | | | | |
| | <ul style="list-style-type: none"> ▪ Use of the Empty Homes Challenge Fund | Affordable Housing/ mainstream funds | Re-tender a revised Empty Homes Challenge Fund Policy | | | |
| | <ul style="list-style-type: none"> ▪ Operation of the Bond Scheme | Homeless Directorate/ ISB/ NRF | Continue to operate | Review effectiveness and long term funding | | Prov 530 add Affo hom 201 |

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| | <ul style="list-style-type: none"> Co-operation with Green Pastures | | Seek to maximise development of affordable housing with voluntary groups | | → | |
| | <ul style="list-style-type: none"> Approval for a private sector leasing scheme | Mainstream monies | Implement scheme | Evaluate effectiveness of scheme | | |
| | <ul style="list-style-type: none"> Planned return of WALH properties from Asylum Seeker contracts | Housing Revenue Account | Maximise the value of the additional WALH properties being made available for use. | | | |
| | <ul style="list-style-type: none"> Consider purchase of ex RTB properties | Mainstream monies | Produce cost/benefit analysis and explore legal and financial issues | | | |
| | <ul style="list-style-type: none"> RSL bidding | Housing Corporation funds | Explore bid for funding from the "Northern Housing Challenge" with suitable partner | Negotiation and preparation for 08/10 Housing Corporation bidding round with partner RSLs | RSL 08/10 bidding round | Incr alloc of H Corp funds 08/10 round |

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| | <ul style="list-style-type: none"> Seek innovative ways of providing affordable housing eg. Self build and Homebuy | Affordable Housing/ Housing Corporation funds | | Evaluate options including cost/ benefit analysis and legal issues | | |
| | <ul style="list-style-type: none"> Agreement of the new Supplementary Planning Policy for Affordable Housing | | Implement the Supplementary Planning Policy for affordable housing and develop discount for sale schemes. | Utilise Council monies and commuted sums to create Affordable Housing esp regeneration schemes. | | |
| Provide more accommodation for vulnerable groups | | | | | | |
| | <ul style="list-style-type: none"> Funding bids in support of prioritised gaps | Housing Corporation funds | To ensure the detailed monitoring of local housing markets including vulnerable groups | Develop further RSL funding bids | RSL 08/10 bidding round | Incr alloc of H Corp funds 08/10 round |
| | <ul style="list-style-type: none"> Development of the Older Persons' Strategy | Various sources, including Affordable Housing monies | To ensure guidance documents for the operation of the Planning Policy of the Planning Policy include consideration of vulnerable groups | Target Commuted sum resources to provide affordable accommodation to meet the needs of vulnerable groups | | |

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| | <ul style="list-style-type: none"> Research into gaps in knowledge and consider opportunities for increasing affordable housing options | | | | | |
| | <ul style="list-style-type: none"> Promote Lifetime Homes standard within new affordable housing schemes | | | Develop further RSL funding bids to Lifetime Homes | RSL 08/10 bidding round | |

Theme: Neighbourhood Renewal

| What is the issue/ problem we need to address ? | How will we deal with it? (Priorities/ objectives) | Resources | Milestones / Targets | | | Smart target 2010 | F |
|---|---|-----------|----------------------|---------|--------------|-------------------|---|
| | | | 2006/07 | 2007/08 | 2008 onwards | | |
| Fully understand the local housing market and its interaction with surrounding areas | To maximise the impact on local housing markets it is vital that they are fully understood and that future interventions are important to ensure we understand the effect of our interventions. | | | | | | |

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| | <ul style="list-style-type: none"> Publication of "Wigan's Changing Housing Markets" | | Develop further the monitoring of the local housing market at township level and monitor the effect of our interventions | | | Housing price gap between different townships will not widen | F |
| | <ul style="list-style-type: none"> Housing Market Analysis. | | To utilise the ECOTEC research study findings to develop knowledge of Wigan's housing market predicted trajectory, local market information and our links with our neighbours | | Carry out a full Housing Needs Survey | Maintain an assessment of being a balanced Housing market within the Regional Strategy | F |
| | <ul style="list-style-type: none"> Participation in Regional / Sub-regional networks. | | Strengthen sub regional links and learn from good practice on provision of affordable housing and sustainable development | Use the joined up local and sub-regional agenda to maximise Wigan's case on a range of related neighbourhood issues. | | 25% of new affordable housing linked to specific regeneration initiatives | F |
| | <ul style="list-style-type: none"> Community Plan 2005. | | | | | | |
| | <ul style="list-style-type: none"> Develop understanding of wider planning and economic issues affecting housing provision in the borough | | Use of Council's Environmental Review to further develop joint agendas with other neighbourhood services | Formation of new Environmental Services Directorate | | | F |
| Provide affordable homes where they are most needed | | | | | | | |
| | <ul style="list-style-type: none"> Use of market information / Wigan's Changing Housing Markets to | | Develop clearer market information to identify at a localised level those areas in | | Review market information | Ensure that 75% of new affordable housing units are provided | F |

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| | inform those townships most in need of affordable housing | | need of affordable housing. | | given | within areas of greatest housing shortage. | |
| | <ul style="list-style-type: none"> Production of development briefs on Council owned land. | Mainstream/private monies | Develop proposals for a mixed tenure scheme at Durham Street | Consider development potential of other Council owned sites | | | S E |
| | <ul style="list-style-type: none"> Supplementary Planning Document – Affordable housing | | Develop guidance on the operation of the Planning Policy to ensure properties are built where they are needed | Seek ways of influencing land supply and sequencing its release in support of the Councils housing/ regeneration objectives | Review guidance documents for the Planning Policy | | A |
| To utilise development opportunities to create more balanced housing markets. | | | | | | | |
| | <ul style="list-style-type: none"> Increased investment in the more vulnerable housing markets to improve the existing stock and the appearance of areas. | Mainstream monies and affordable housing resources | To develop clearer market information to identify at a localised level those areas in need of regeneration. | | | For the housing price gap between township housing markets not to widen. | F |
| | <ul style="list-style-type: none"> Encourage development which provides variety within the housing supply in vulnerable markets. | | Develop guidance on the operation of the Planning Policy to avoid an oversupply of affordable housing in vulnerable housing markets and encourage a more diverse housing supply in these areas. | | | For 25% of new affordable housing to be provided in weaker housing markets for specific regeneration purposes. | A |

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| | <ul style="list-style-type: none"> UDP land release policies. | | Use negotiation opportunities to influence developers' housing proposals | | | | | |
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Theme: Quality Homes

| What is the issue/problem we need to address ? | How will we deal with it? (Priorities/objectives) | Resources | Milestones / Targets | | | Smart target 2010 | Responsibility | Partners |
|--|--|----------------------------|----------------------|---|---|-------------------|-----------------|--|
| | | | 2006/07 | 2007/08 | 2008 onwards | | | |
| Utilise development opportunities to ensure housing is more environmentally sustainable | Given environmental concerns and the increasing prices of fuel it is vital to ensure housing is more environmentally sustainable | | | | | | | |
| | <ul style="list-style-type: none"> Revised standards within the UDP | | | Ensure environmental sustainability standards are met in any Council funded scheme. | Explore use of renewable energy sources on new affordable housing | | A Durkin | HS |
| | <ul style="list-style-type: none"> Energy efficiency | Private monies/RSL funding | | Encourage enhanced standards within negotiations with developers. | All RSL schemes to achieve Ecohomes rating – Very Good | | M Stewart/TBC | R w fo St H Le Pr de at Br S pr fir ne ho C |
| | | Mainstream monies | | Incorporate high energy efficiency standards within any refurbishment project. | | | A Mank/ HS team | C |

