



Executive : 16 July 2008

Task and Finish Review into Affordable Housing in Taunton Deane

Report of Scrutiny Officer

(This matter is the responsibility of Councillor Prior-Sankey)

Executive Summary

The affordable housing task and finish review has now been concluded. The final report was submitted to the Overview and Scrutiny Board on 19 March 2008 and was approved subject to some amendments, which have been made.

This cover sheet provides directions on how the Executive should deal with the task and finish report into affordable housing, particularly its 9 recommendations.

The final report of the task and finish review begins on the next page.

1. The Executive is asked to do the following:

- 1.1 Consider the report and its recommendations, and decide which, if any, of the recommendations it wishes to adopt.
- 1.2 If the Executive agrees to adopt any of the recommendations of the review, it should state who will be responsible for delivering each of the adopted recommendations. The Corporate Management Team (CMT) has had prior sight of the report and has identified a CMT member to take responsibility for each recommendation, if adopted.
- 1.3 If the Executive decides **not** to adopt any of the recommendations, it must specifically state why, as prescribed by the Local Government Act 2007.

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Task and Finish Review

A Review into Affordable Housing in Taunton Deane

July 2008



Taunton Deane Borough Council: Overview and Scrutiny Board

A Review into Affordable Housing in Taunton Deane

Introduction by Councillor Ken Hayward
Chair of the Affordable Housing Task and Finish Review



“Affordable housing is a major challenge for local and national government and has been for many years. There are many reasons why we simply do not have enough homes in the right places and at the right price. A huge amount of energy has been expended by all sections of society and government trying to solve the affordable housing problem – this is our contribution to that debate.

This review has not attempted to reinvent the wheel, or solve the entire problem. Instead, we have tried to look at the problem from Taunton Deane’s perspective. What is wrong here, why, and what can be done about it?

We met seven times, took part in two visits to other districts to see what we can learn, spent over 14 hours deliberating and produced over 6500 words to distil our thoughts and ideas into this final report.

I would like to take this opportunity to thank everyone who took part in the review, particularly the representatives from the many external organisations who gave up their spare time to come and talk to us.

When I became Mayor of Taunton Deane in May 2007, I highlighted affordable housing as one of my areas of interest during my Mayoral year. I am therefore especially pleased to commend this Scrutiny report and its recommendations to you.”

A handwritten signature in black ink, appearing to read 'Ken Hayward', with a stylized flourish at the end.

Councillor Ken Hayward
Chairman
Affordable Housing Task and Finish Review

Acknowledgements

The Members of the review would like to thank the following organisations and representatives who gave evidence and expert advice during the review.

Arcadia Housing Group

Mike Day – Director of Development and Home Ownership

Falcon Rural Housing

Justin Roxburgh – Chief Executive

High Bickington Community Property Trust

David Brown – Chairman

David Venner – Company Secretary

Summerfield Developments

Colin Mattravers – Director

The Mortgage Detectives

Andy Rowden – Director

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Background to the Review

Why do a review on this subject?

In short, there are more people in need of housing in Taunton Deane than is available. Demand has outstripped supply in the affordable sector **and** the private sector for some time. 4600 households are on Taunton Deane's housing register now, with some applicants waiting up to six years for a home. House prices have steadily increased until very recently and the anticipated drop in prices is still not a certainty. The cost of renting a property on the open market is comparable to the cost of paying mortgage on a similar sized property. First-time buyers on average incomes have little or no chance of purchasing a home on the open market without a significant deposit or parental help.

October 2005 - Lowest Prices for New-Build & Re-Sale Homes in Taunton Deane

Property Type	Price	90% mortgage	Per month cost @ 5%	Single income needed (3.75x)	Joint income needed (3.25x)
1 bed flat new build	£110,000	£99,000	£586	£26,400	£30,500
1 bed flat re-sale	£95,000	£85,500	£506	£23,000	£26,500
2 bed flat new build	£130,000	£117,000	£693	£31,000	£36,000
2 bed house re-sale	£120,000	£99,000	£586	£26,400	£30,500
3 bed house new build	£145,000	£130,500	£773	£35,000	£40,000
3 bed house re-sale	£125,000	£112,500	£666	£30,000	£34,500
4 bed house new build	£160,000	£144,000	£852	£38,500	£44,500

Source: ARK Consultancy Report on Housing Need in Taunton Deane, 2005

As a Housing authority and Local Planning Authority, Taunton Deane has a duty to facilitate affordable housing delivery and provide social housing for those on its housing register. Recent housing needs assessments have demonstrated that supply of new affordable housing in Taunton Deane has not kept pace with demand.

On 16 May 2006, the Strategic Planning, Transportation and Economic Development Panel (SPTED) agreed to begin a task and finish review on this subject.

The remit of the review was to look at ways that the Council and its partners could increase the overall supply of affordable housing in Taunton Deane, under six broad headings;

1. Mortgage provision
2. Land values
3. Taunton Deane's affordable housing threshold policy
4. The possibility of building on flood plains
5. Rural housing and self-build housing
6. Practice in other local authorities

Membership of the Review

This review was carried out by a cross-party group of non-Executive Councillors. The original membership was:

- Councillor Ken Hayward (elected Chair of the review at the first meeting)
- Councillor Bob Bowrah
- Councillor David House
- Councillor Chris Phillips
- Councillor Alan Wedderkopp

The May 2007 local elections took place during the course of the review. Changes in the Membership of the Council forced a change in the membership of this review. After May 2007, the membership of the review was;

- Councillor Ken Hayward (continuing as Chair of the review)
- Councillor Cliff Bishop
- Councillor Bob Bowrah
- Councillor Peter Critchard
- Councillor Tony Floyd
- Councillor David House

Terms of Reference

The group agreed that the review should proceed on the following terms of reference;

1. To identify the issues and problems relating to the provision of affordable housing that require investigation; and
2. To make recommendations and policy suggestions to the Executive

All types of affordable housing are required in Taunton Deane, however the review agreed that social rented housing was the first priority for Taunton Deane as a housing authority, and therefore the priority for this review.

The group expanded on the terms of reference laid down by the SPTED Panel and focussed on 8 themes;

- Rural affordable housing , including;
 - Rural housing models that have been shown to work
 - Community Land Trusts
- The role of housing associations and the challenges they face
- The role of, and challenges experienced by, private sector house-builders
- Mortgages and mortgage provision
- The role of the Planning department
- The role of the Housing Enabling team
- The role of the Community Council
- Examples of good practice in other local authorities
- Land

Self-build housing was omitted from the terms of reference due to a scarcity of information and difficulty in finding experts who could talk to the review group. However, it has been suggested that a separate review take place into this specific area.

Definitions

Affordable Housing

Social-rent

Homes built and rented out, at a significantly sub-market rent, to households on the council's housing register. All new social-rented housing is managed by housing associations; the council retains some form of nomination right

Shared-ownership

Part rent, part mortgage. The occupier pays rent on a proportion of the home, and also holds a mortgage for a portion of the property. This allows individuals to get onto the housing ladder even if they have a relatively low income. "Staircasing" allows the resident to progressively purchase a greater percentage of the property, thus reducing their rental charges.

Evidence Taken, Key Findings and Recommendations

Rural affordable housing

Payments in Lieu

The review learnt that on rural sites that are deemed unsuitable for affordable housing, the council may accept a 'payment in lieu' instead, to help fund affordable housing schemes in other more suitable areas. These sums must be spent in the locality of the scheme that has generated the 'payment in lieu', and must be spent on providing affordable housing or making it easier to deliver - decant or demolition costs for instance.

Councillors heard that there was potential for a planning tariff; a standard commuted sum charge, calculated on an exponential scale to make it more difficult for a developer to avoid its affordable housing responsibilities. For instance, a commuted sum for a site of 10 units would be **more** than twice the sum payable for a site of 5 units.

Recommendation 1

The Planning department should look at the usefulness and feasibility of implementing a tariff approach to secure financial contributions in respect of housing developments.

Visit to the Community Property Trust at High Bickington, Devon

Councillors Bowrah, Hayward and Wedderkopp visited the Community Land Trust at High Bickington in Devon on 25th January 2007.

High Bickington Parish has a primary school, doctor's surgery and a post office and although house prices are high, incomes are relatively low.

High Bickington Community Property Trust was set up to provide affordable housing, workspaces, community facilities and a community woodland. It was set up at the request of the local community after Devon County Council approached High Bickington Parish Council with an idea to re-use a redundant county-owned farm.

A "Community Property Trust" was formed in July 2004 after several years of planning that involved local residents deciding their priorities. The property trust manages the facilities on behalf of the community, and is a not-for-profit charity. It has 182 shareholders, all of whom were residents or people with a local connection. The District and County Council also hold shares.

Public meetings were held and several committees were put in place to deal with specific aspects of the scheme. The Parish Council received regular reports and local people were involved in leading and directing the development of the scheme.

The community agreed its objectives:

- Building a sustainable community;
- Using sustainable building methods and renewable energy;
- Involving the community in all aspects of the development; and
- Involving the whole Parish in identifying and meeting their needs.

The original plans proposed a mix of affordable and market housing, including 15 social rented homes, 17 shared ownership homes, 4 self-build properties and 16 houses for sale on the open market. Unfortunately the original scheme was called in by the Secretary of State and refused by the Planning Inspector who judged that the scheme: *"conflicts with [the] development plan [and that] national planning policies outweigh other matters."*

A revised and detailed planning application is expected to be submitted in April or May this year.

The review group identified several issues central to the success of community land trusts:

- Sustaining the level of community leadership. This scheme was led and directed by local people, not by Councillors or Council Officers;
- Local needs and preferences had to be recognised;
- Local strengths, knowledge and expertise were made full use of
- Public subsidy was reduced by identifying and redeploying existing local assets;
- The sustainability of the scheme was assured by using locally-based renewable energy systems, local building materials and local labour; and,
- A community land trust could be a solution to rural housing shortages in some areas.

The group felt that the visit was informative and that Taunton Deane Borough Council should be pro-actively seeking to provide a scheme similar to High Bickington, if possible.

Recommendation 2

The Housing department should look at the usefulness and feasibility of pursuing a Community Land Trust (CLT) model in an appropriate area of Taunton Deane, bearing in mind that a CLT must exhibit the following key characteristics:

- There needs to be a desire to pursue this from the community in question. This cannot be run “top-down” by local authorities
- Any CLT must be owned, actually and figuratively, by the community
- Public involvement and support from the beginning is essential
- The district (and county) councils must genuinely support the aspirations and timetable of the community
- Community Land Trusts aren’t just about housing; they are about developing communities
- Needs dedicated, full time support.
- That it needs significant commitment from the community to be successful.

Visit to affordable housing in Nether Stowey

Members visited a site in Nether Stowey on 21st August 2007 to see a scheme of affordable homes being built by Falcon Rural Housing.

Members agreed that it was possible to produce affordable housing, in rural areas, with community support, for families **in** those communities, with exceptionally high standards of energy efficiency. Exception sites were clearly invaluable to making these sorts of schemes viable.

Members were particularly interested to hear how low the heating bills for residents in these properties would be. Considering that affordable housing by definition is designed to meet the needs of people on low incomes, homes that are cheaper to run as well as better for the environment ought to be encouraged.

Recommendation 3

In acknowledging the work already done in developing the ‘green’ aspects of the new Regional Spatial Strategy, and following on from documents like the Taunton Protocol, the Council should continue its work to promote energy efficiency and environmental sustainability in affordable housing developments, including working with developers.

Members did not wish to pre-empt the task and finish review into renewable energy and energy efficiency that began in late 2007, and therefore did not go into detail with this recommendation.

The role of housing associations and the challenges they face

Mike Day of the Arcadia Group, which includes Knightstone Housing, attended a meeting to give a housing association perspective on affordable housing.

He began by stating some uncomfortable facts – accurate at the time of the meeting on 14th March 2007:

- In Taunton Deane the ratio of income to mortgage means that on average, first time buyers need 9.6 times their annual salary. In Sedgemoor it is 8.5 times, in Mendip 8.4 times, in West Somerset 10.7 times and South Somerset it is 9.7 times.
- Affordability is therefore key; but average salaries are depressed in the south west. There are lots of low-paid jobs.
- Around 3000 homes have been lost to the social housing sector in Taunton Deane since the introduction of the Right to Buy, 500 of those since the year 2000.
- Taunton Deane retains 6000 homes for social rental purposes, meaning that a third of social housing stock has been lost in Taunton Deane since 1980.
- Housing Associations part-fund their developments by borrowing from banks and repaying the loan from revenue generated by rents. Subsidy can come from discounted land values, government agencies such as the Housing Corporation, and local authority social housing grant.

Mr Day gave evidence in three parts: increasing supply, construction costs, and innovative building

How to increase supply

Mr Day suggested that councils should maximise planning gain through Section 106 agreements. Knightstone have generated a lot of affordable housing through Section 106 agreements. It is also a great help because the housing association doesn't need to acquire land. It has already been done by the developer. Land is the key. It is expensive, its use is restricted through planning policies and the resources that private developers put into 'optioning' potential sites on the off-chance they might someday be zoned for housing.

Mr Day also suggested using in-fill sites on the council's housing estates. Many local authorities do this because they can specify what it wants on the site. Local authorities simply must be more creative.

It was pointed out that this option had recently been looked at by the Housing service and discounted. However, Members felt that the possibility should be revisited because other local authorities had been successful in finding in-fill sites on their estates; if Taunton Deane could replicate that it could yield some much needed affordable housing and deal with underused or misused sites.

Recommendation 4

The Housing Department should look again at the possibility of producing affordable housing on infill sites on its housing estates and other landholdings, which could include a pilot project to test the concept.

Construction costs

The cost of land can easily be 40% of development costs, but there does not appear to be much that local authorities can do about it. Arcadia Homes has a subsidiary that builds open market housing to cross-subsidize social housing. All profits from the open-market properties are reinvested and Arcadia aims to produce 100 affordable homes per year countrywide using this method.

Innovation in design and build

Mr Day cautioned that innovation was only worthwhile if the home that resulted could be mortgaged. New homes must be certified by the National House-Building Council. The industry tends to be rather conservative as well, and many people are wary of radical new concepts when some of the failures of 1950's and 1960's design & build are still causing problems.

Any new innovation – in fact any new affordable housing development – **must** work in housing management terms. Developments that do not consider how people will live in them will fail. Social housing tends towards a higher proportion of vulnerable tenants or those with specific or multiple needs. Management is extremely important.

Members felt that this was an important issue: affordable housing is not just bricks and mortar. Effective management and effective design go hand in hand. Properties that are difficult to manage because they are difficult to maintain, expensive to live in or inappropriate for those who live in them, have an impact on the people living in them and the community as a whole.

Recommendation 5

Homes delivered through the Affordable Housing programme must be managed effectively if they are to be a positive benefit for residents and the community. Therefore, the housing enabling team should ensure it has an appropriate and effective working relationship with the housing management teams of the local authority and its housing association partners, to ensure that new affordable housing developments can be properly managed as well as meet our affordable housing need.

Recommendation 5 is in no way a criticism of the housing management regimes of Taunton Deane or housing association partners; neither is it a criticism of the housing enabling team or housing developers. The review wanted to stress the importance of effective housing management and the role that appropriate design can play in making management easier. In the past, most notably in high-rise developments in inner cities, social housing design seems to have 'built-in' increased likelihood of problems such as antisocial behaviour, crime, social exclusion and expensive maintenance. It must

therefore be possible to use design to 'build-out' these characteristics. The review believes that housing management has a role in the housing enabling process.

The role of private sector house-builders and the challenges they face

The review was very grateful that Colin Mattravers from Summerfield Developments was able to attend a meeting and provide an insight into how private sector developers approach affordable housing.

Please note that the evidence given was an overview of the affordable housing sector from an individual in the trade – views and attitudes are not necessarily those held by Summerfield Developments.

The following evidence was taken:

- Shared ownership / shared-equity models are still expensive for the buyer.
- Financing of housing development, and mortgages, is based on hard-nosed business principles. Banks are not known for their altruism.
- Adjustment of land prices, for instance the council selling land at a reduced cost, makes it cheaper to build homes. Savings on build costs are not possible unless quality is reduced.
- A house is a tradable commodity, not just a home. It is important for home-owners under any kind of financial model to be able to free equity and carry it to their next property.
- The Planning process can be expensive. This is not a reflection on any particular local authority, rather that the process has costs and risks attached to it. A planning application will cost a developer around £1000 per unit one way or another. Greater certainty or levels of advice will help reduce the risk, if not the cost.
- For their part, Summerfield Developments are happy with its relationship and partnering arrangements with Taunton Deane.
- Costs of putting in necessary infrastructure around a new development is extremely high, particularly electricity because the distribution side is not deregulated, although OFGEN is looking at it.
- Land value and land availability. It is a simple case of supply and demand. Land is a finite resource and land-owners will not sell unless the price is right. Farmers are traditionally reticent about selling their land anyway.

Mr Mattravers was asked what he thought the council could do to increase the supply of affordable housing in Taunton Deane. He made the following comments.

- Anything that can be done to make the Planning process quicker, cheaper or less risky to the applicant – i.e. the developer – will be beneficial.
- Economies of scale will reduce cost and risk, and produce larger numbers of properties.
- Land is the central issue. Planning authorities must make land available through their planning policies, but it will only work if the site is appropriate for its designated use.

There was also a discussion on eco-friendly housing and the current regulatory situation.

- The market doesn't necessarily exist for homes that are 'green.' The buying public are suspicious of a home that relies on passive measures to heat the home – they expect central heating. It's a challenge and the attitude of developers is that they won't stay in business if they build homes that people don't want. The public often **say** that they want eco-friendly homes but will not go out of their way to buy them. They certainly don't enjoy paying the extra cost for them.

Mortgages and mortgage provision

Andy Rowden, a director at the Taunton-based firm "The Mortgage Detectives" attended a meeting on 12th September 2007 to talk about the mortgage market.

The Mortgage Detectives is a firm of **independent** advisors and arrangers of mortgages.

Mr Rowden gave an overview of the mortgage and housing market as he saw it:

- The first-time buyer market is quiet across all tenures. The reason the entire market is generally buoyant is because properties are being bought to rent out. This means that the private-rental market is also buoyant. This situation is unlikely to end very soon.
- Banks and building societies provide mortgages on a single, simple premise: "will we get our money back if the borrower cannot pay?"
- Most lenders will loan 3.5 to 4 times a couple's combined income.
- Mortgage lenders are more flexible than five or ten years ago.

Affordable housing models with complicated obligations or restrictions

Mr Rowden was asked what he thought of affordable housing models where complicated obligations or restrictions applied to purchasers. He replied that lenders only want to ensure a return on their loan, or guarantee their investment if the borrower defaults. However;

- Many "affordable" models are too technical or complicated for mortgage lenders, who often either do not see how they can be viable vehicles for lending money, or simply do not have a mortgage product that will fit.
- As a result, only a few lenders will consider lending on these complicated models: normally the big players in the market, and a few specialist lenders.
- However, the market is changing all the time, and will probably get used to the new and strange finance models over time. For instance, buy-to-let mortgages were very rare 10 years ago. Nowadays almost all lenders offer them.
- Shared ownership (shared equity) is very easy to finance. Lenders tend to be happy to offer mortgages on these because they've been around for a while.

On mortgage-lending in general:

The maxim applies: if the mortgage lender can see a way of recouping their loan if the borrower cannot pay, then they will probably agree to lend.

When deciding to offer a mortgage, lenders ask themselves three questions:

- Income status: is the applicant self-employed, full time, or on a contract?
- What Credit history do they have? It must be good, but must also exist. Some applicants get turned down because they have no credit history, which represents a risk to the lender.
- Loan-to-value: what percentage of the property value does the applicant want to borrow?

If the lender has all the information they need, a decision can be made in minutes!

Finally

Mr Rowden was asked what he thought the biggest problems in the affordable housing mortgage market were:

- Finding enough lenders to give enough choices on the affordable housing models that house-builders are coming up with.
- The property **must** be affordable to the buyer in the first place. Lenders won't take risks!
- High house prices are not the fault of the mortgage lenders, or the purchaser. The problem is in the market: demand is much greater than supply and more people are looking for buy-to-let properties than are available.
- Mortgage companies make their policy decisions at head-office level. Decision-making at a branch level does not happen any more. Taunton Deane is unlikely to achieve anything by speaking to the managers of the local banks and building societies.

Members recognised that it was difficult to influence the way that mortgage companies worked, but that the council and its partners could make it easier for buyers – regardless of tenure – to get a mortgage that suited them. Although the market would eventually catch up with the work of affordable housing developers, Members agreed it would be foolish for housebuilders to produce homes for low-income households from a specific community if a suitable mortgage was unavailable to allow them to live there.

Recommendation 6

The Council, as lead partner in the development of affordable housing in the borough, should keep in mind the fact that mortgage companies are often put off mortgaging on complex financial models that may not be proven in the marketplace. Some models, however appropriate or useful to a developer or potential buyer, may make some tenures less accessible.

The role of the Planning department and Housing Enabling team

Thresholds

At the time of the review, Taunton Deane had a 25 unit 'threshold' for affordable housing but was considering reducing its threshold for affordable housing units to 15 homes on any site. This would mean that any development of 15 or more homes would have to contain a proportion of affordable homes. This reduction in threshold would yield more affordable housing on smaller sites.

Changes to thresholds require the council to demonstrate an affordable housing need that will be tackled by a more onerous on-site obligation. A 15 unit threshold was proposed in 2002 as part of the Local Plan, but was refused by the Local Plan Enquiry. The affordable housing requirement at that time was 131 units per year and the Planning Inspector stated that this could be met using a 25 unit threshold.

Sites slightly under the thresholds have cost Taunton Deane and housing associations a significant amount of affordable housing. Schemes are often deliberately designed to be one or two units less than the threshold.

Developers generally preferred a cascading threshold – a sliding scale of obligation depending on the size of the site or number of homes proposed – but there is a need for affordable housing on small sites. This is mainly because there are few significant sites outside Project Taunton and large developments subject to Section 106 agreements.

The review discussed the possibility of a borough-wide target for affordable housing – say 33% - but this was dismissed because it would not take local considerations into account. Furthermore, flexibility had often been more productive for the council. Members agreed that it was more useful to be flexible and obtain a few affordable homes than taking a rigid approach and stifling development.

Developers have their own objectives which do not necessarily agree with the council's affordable housing objectives. Officers suggested that the council keep a transparent policy and combine that with a reasonable and flexible negotiating position.

Members agreed that the council should be flexible where appropriate, but should be sure to have robust policies and procedures in place. Members also noted how complex and resource intensive this work was. The review made two recommendations regarding the council's affordable housing policies.

Recommendation 7

That Taunton Deane should continue to be flexible when negotiating affordable housing allocations on housing schemes. For example, it is better to achieve one or two units rather than have a rigid protocol that is so strict it might stop a site being developed at all. This is particularly important where schemes are close to the council's affordable housing threshold.
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Recommendation 8

Delivering Taunton Deane's affordable housing objectives can only be assured with continued and appropriate resourcing of the relevant parts of the Housing and Planning services, and that there **must** be a full Corporate commitment to affordable housing delivery.

Planning Policy Statement 25 (PPS25)

PPS25 relates to development and flood risk, was published in December 2006.

Members investigated the meaning and purpose of the document, and whether it made flood plains viable for housing development under certain circumstances.

PPS25 sets the limits of use of flood risk areas, working on an exception basis. It states that:

- Flooding is a natural process playing an important role in shaping the natural environment, although it has the potential to cause loss of life and property.
- Therefore all forms of flooding and flooding impact on the natural and built environment are material planning considerations.
- Planning authorities should "*facilitate and promote sustainable patterns of development, avoiding flood risk and accommodating the impacts of climate change*"

The aims of planning policy on development and flood risk are to ensure that flood risk is taken into account at all stages in the planning process to avoid inappropriate development in areas at risk of flooding, and to direct development away from areas at highest risk. Furthermore, local planning authorities should prepare and implement strategies that only allow development that avoids flood risk to people and property where possible, and manages residual risk.

A risk-based approach must be taken when assessing flood risk vulnerability and flood zone 'compatibility.'

Housing development is considered a 'more vulnerable' form of development and is therefore only permitted in areas with a less than once in 100 years flood risk. An exception test must be carried out if development is proposed in an area with a greater risk. To pass, the development must have wider sustainability benefits to the community that outweigh flood risk, and the development must be on previously developed land or where no reasonable alternative site exists. Finally, the development must not increase flood risk elsewhere.

Development on functional floodplain – or areas at a once in twenty years or greater risk of flooding – is forbidden.

Members were told that the Environment Agency is a more powerful stakeholder than in the past, and that they will object to any scheme that does not adhere to PPS25.

Members also heard that despite the difficult situation facing affordable housing in Taunton Deane, we had not yet reached the point where we can justify building on land at high risk of flooding (by PPS25's definition). Besides, housing associations and developers tend to shy away from these sites because of the risks and the added costs.

Members appreciated the usefulness and strength of PPS25 in determining what constituted a flood risk. They were satisfied that any recommendation that the task and finish review made on this topic would be subject to the regulations laid down by PPS25 and therefore largely irrelevant.

The role of the Community Council

The Community Council for Somerset has a role in delivery of affordable housing, in the form of rural housing needs surveys. Taunton Deane's enabling budget funds the Community Council's to the tune of approximately £8000 per year.

Parishes are increasingly concerned that they are not informed about rural housing needs surveys. Members were told that procedures are being reviewed to keep Parish Councils up to date and involved.

No representative of the Community Council was able to attend a meeting to discuss the work that they do. However, Members of the review expressed concern that the Community Council was not the valuable resource it could be.

Members heard that work had been done very recently to improve the effectiveness of rural housing enablers and the affordable housing work they carry out. Members also agreed that this task and finish review should not get involved in operational matters, but should register their desire to see a positive resolution to the problems, whether real or imaginary.

Recommendation 9

There is concern and perception that the Community Council for Somerset is failing to provide a value for money service in relation to its affordable housing work. The Council has recently suggested improvements and efficiencies to the Community Council, which have been adopted.

The Council should continue its recent work to support the Community Council to help make it the valuable resource it should be.

Land

Industrial sites

The review explored whether affordable housing could be shoehorned into industrial sites. It was discovered that if a site is identified in the Local Development Framework for industrial use then no housing can be included – it would detract from the need for

industrial uses. Land use must also be balanced; affordable housing is not the only priority.

Sites owned by other government agencies

Members of the review had hoped to identify brownfield sites owned by other local and central government agencies, and propose that they could be developed in partnership. Sites owned by the Ministry of Defence, Primary Care Trust / National Health Service, or County Council, were suggested. Unfortunately, no such sites are available. A full survey was done and although the results remain confidential at the time of writing, officers who had seen the report stated that few opportunities existed.

Housing Association competition for sites

The Housing Enabling team works very hard to dissuade housing associations from entering bidding wars over land that is up for sale which does not help housing association finances and makes it harder to produce more affordable housing. This is an informal process without prejudice to housing association's freedom to compete for sites if they wish.

Compulsory Purchase Orders

Compulsory Purchase Orders were discussed briefly. It was shown that they are a useful tool to local authorities either as a threat or when actually used, and can be used to bring empty private sector homes back into use.

Examples of Good Practice in Other Local Authorities

South Hams: How it developed its affordable housing policy

South Hams is a district Council on the south Devon coast situated between Plymouth and Torbay.

In 2000, Councillors revisited South Ham's corporate priorities, in consultation with residents. Councillors decided to make affordable housing the council's number one priority, in response to their recent housing needs survey.

The 2002 Draft Local Plan allocated sites in market towns and villages, many of which were on Greenfield sites. South Ham's desire for more affordable housing did not reflect the Devon County Structure Plan and the Regional Spatial Strategy, both of which proposed less than 600 affordable housing units for South Hams.

The Local Plan has since been overtaken by the Local Development Framework. Whilst this is developing, some affordable housing "departure sites" have been identified and built on where the local community supports development.

In 2006, the new housing needs survey showed that housing need in South Hams had doubled. As a result, the Planning Inspector allowed South Hams to increase its

affordable housing targets. The resulting Core Strategy set a strategic target of 50% affordable housing from all sources.

South Hams was awarded Beacon Status in 2005-06 for its work to tackle affordable housing.

Affordable housing policies now incorporate targets for allocated sites, a sliding scale for windfall sites; starting at 1 unit, and a 60:40 split between social rented and intermediate housing. A dedicated affordable housing team has also been put together, comprising a valuer, a planner and a housing officer.

Outcomes

- A CPA 'Excellent' rating
- Affordable housing 'Beacon' status
- A Core Strategy target of 50% affordable housing
- An up-to-date, fit for purpose Housing Market Assessment
- A dedicated affordable housing team
- Several high-volume developments
- Public and stakeholder confidence in affordable housing policies

London Borough of Lambeth: Capital Receipts Policy

In 2004, the London Borough of Lambeth agreed a policy to reinvest capital receipts earned from Housing department sites sold for housing development.

The policy allowed 100% of the receipt to be retained by the Housing department for improvements to the housing estates on which the land was sold. This money is earmarked for regeneration and other improvements to be agreed in partnership with the tenants and leaseholders on the estate.

The policy allows more housing to be built on in-fill land and underused sites on housing estates. The cash windfall helps new housing schemes get off the ground and integrate into the local community once built.

In Lambeth, 75% of these monies are retained to meet the council's massive Decent Homes commitment. However, 25% of the receipts are ring-fenced for improvements on the estate where the land has been sold, such as play equipment and community halls.

Conclusion

Affordable housing is a major challenge for local authorities. From identifying sites right through to negotiating Section 106 agreements, there are many reasons why it is so difficult to produce the homes that are needed.

This review has not attempted to solve the problem in its entirety. What it has done though is listen to the people who are trying to deliver more housing or make it possible for people to purchase a property, find out what their main concerns are, and suggest how Taunton Deane can ease the burden. This review has made 9 recommendations – written in full in Appendix A. They will not solve the problem of affordable housing supply in Taunton Deane, but if implemented, they should make a difference.

Above all, this review has demonstrated that something can be done; if the right questions are asked, and there is a political will to get answers.

If you have any queries regarding this review, please contact either the Chair of the review or the Scrutiny Officer. Their contact details are listed below.

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Appendix A – Full List of Recommendations

Recommendation 1

The Planning department should look at the usefulness and feasibility of implementing a tariff approach to secure financial contributions in respect of housing developments.

Recommendation 2

The Housing department should look at the usefulness and feasibility of pursuing a Community Land Trust (CLT) model in an appropriate area of Taunton Deane, bearing in mind that a CLT must exhibit the following key characteristics:

- There needs to be a desire to pursue this from the community in question. This cannot be run “top-down” by local authorities
- Any CLT must be owned, actually and figuratively, by the community
- Public involvement and support from the beginning is essential
- The district (and county) councils must genuinely support the aspirations and timetable of the community
- Community Land Trusts aren’t just about housing; they are about developing communities
- Needs dedicated, full time support.
- That it needs significant commitment from the community to be successful.

Recommendation 3

In acknowledging the work already done in developing the ‘green’ aspects of the new Regional Spatial Strategy, and following on from documents like the Taunton Protocol, the Council should continue its work to promote energy efficiency and environmental sustainability in affordable housing developments, including working with developers.

Recommendation 4

The Housing Department should look again at the possibility of producing affordable housing on infill sites on its housing estates and other landholdings, which could include a pilot project to test the concept.

Recommendation 5

Homes delivered through the Affordable Housing programme must be managed effectively if they are to be a positive benefit for residents and the community. Therefore, the housing enabling team should ensure it has an appropriate and effective working relationship with the housing management teams of the local authority and its housing association partners, to ensure that new affordable housing developments can be properly managed as well as meet our affordable housing need.

Recommendation 6

The Council, as lead partner in the development of affordable housing in the borough, should keep in mind the fact that mortgage companies are often put off mortgaging on complex financial models that may not be proven in the marketplace. Some models,

however appropriate or useful to a developer or potential buyer, may make some tenures less accessible.

Recommendation 7

That Taunton Deane should continue to be flexible when negotiating affordable housing allocations on housing schemes. For example, it is better to achieve one or two units rather than have a rigid protocol that is so strict it might stop a site being developed at all. This is particularly important where schemes are close to the council's affordable housing threshold.

Recommendation 8

Delivering Taunton Deane's affordable housing objectives can only be assured with continued and appropriate resourcing of the relevant parts of the Housing and Planning services, and that there **must** be a full Corporate commitment to affordable housing delivery.

Recommendation 9

There is concern and perception that the Community Council for Somerset is failing to provide a value for money service in relation to its affordable housing work. The Council has recently suggested improvements and efficiencies to the Community Council, which have been adopted.

The Council should continue its recent work to support the Community Council to help make it the valuable resource it should be.