

Portsmouth City Council

Report to Housing Executive 18 March 2008
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REVIEWING PORTSMOUTH CITY COUNCIL'S AFFORDABLE HOUSING PROGRAMME

- 1. Introduction:** An increased amount of affordable housing is a priority for both the Local Strategic Partnership and the City Council. The LSP's current *Community Strategy*, published in 2004, identified affordable housing as one of seven key aims. The City Council approved its affordable housing strategy in July 2005, later updated in March 2007 (CM 75/07 refers). This report is a progress report. It focuses mainly on the supply of new affordable housing, the recent increase in completions, and forecasts for the immediate future.
- 2. Recommendations**
The report be noted.
- 3. The policy context:** The city council's housing strategy target is 2,000 new affordable homes, of various kinds, over a six year period 2005 to 2011; this equates to an average of 333 annually. The term 'affordable' includes homes rented from the city council and housing associations (*social* housing) and homes either for rent or purchase at prices below market levels (*intermediate* housing); the latter are usually new build flats for purchase with shared ownership leases promoted under the *HomeBuy* brand. These homes are most frequently provided on sites where a housing association is the sole developer. An increasing proportion of affordable homes, however, can be expected on so-called *market housing* schemes. This is because city council planning policies require a defined amount of new dwellings to be at prices considered more affordable compared to those existing in the open market.

Until a couple of years ago national housing policy from the Government and its agencies, the Housing Corporation for example, has tended to emphasise the provision of shared ownership purchase rather than renting. This is partly because shared ownership has been regarded as one way of stretching the number of new dwellings achieved for each pound of public investment. As a result the number of *HomeBuy* new-build completions in Portsmouth rose substantially in 2005-06. Government housing policy has since adjusted to give greater emphasis to social renting rather than shared ownership. In consequence the amount of social rented housing, either planned or under construction, is growing. The aim - expressed in regional and local housing strategies - is that around two thirds of new affordable dwellings will be let at social rents. Whether these policy aspirations are achievable in practice will depend in part on housing development economics especially for market schemes which are now, due to planning policies, a source for substantial numbers of affordable dwellings.

- 4. Overview for 2007-08:** Estimates of new affordable housing are expected to exceed 400 dwellings with half completed in the last three months of the financial year. These include substantial schemes such Admiralty Quarter in Portsea and Cumberland Gate near Fratton Station. This forecast total is less than originally expected a few months ago because some completions has been delayed until later in the summer of 2008.

Most are new build but 10 percent will be existing properties purchased via the *Open Market HomeBuy* scheme. Other points to note for the 2007-08 programme are that:

- 1) Most of these dwellings have one or two bedrooms with under 10 percent having three or more bedrooms.
- 2) Half will be for social rent and half will be intermediate tenures, mainly for shared ownership purchase.
- 3) 65 dwellings (16%) will meet special needs requirements, having been designed with features for people with disabilities.
- 4) All have regenerated their localities by developing and enhancing under-used brown field sites and buildings close to transport, retail and community facilities; and have also been constructed to meet the Housing Corporation's design and sustainability standards.

5. **A longer perspective:** the first appendix presents a chart with confirmed affordable housing completions from April 2005 to Christmas 2007 and forecast completions to March 2010. In presenting cumulative completions in this manner the intention is to establish whether the combined efforts of the city council, housing associations and commercial developers are likely to achieve the city council's affordable housing target (2,000 homes by March 2011). This is because total completions can vary greatly from year to year for all sorts of reasons. The chart target trend line suggests that, despite a pronounced drop in output during 2007-08 (schemes have slipped behind schedule), the city council's affordable homes programme is likely to be attained well ahead of Spring 2011. However this forecast must be treated with extreme caution: housing schemes with completion scheduled during 2009-10 may, for reasons not yet known, be delayed to the following year.

The second appendix is provided to illustrate that on current forecasts the proportion of social rented dwellings will increase substantially. Investment priorities, in particular those of the Housing Corporation, have changed to reflect the well researched need for more social rented housing in preference to low cost home ownership. The latter, through programmes such as *HomeBuy*, will of course continue but the intention is that the majority (about two in three) of purpose-built new affordable homes will be let at social rents below market prices. It is also the city council's aspiration to ensure that many of these homes will be large enough for families, with three or more bedrooms. The housing market assessment (HMA) for south Hampshire, commissioned by the PUSH consortium, reported in 2006 that around 40 percent of new affordable homes should be for families with three or more bedrooms. Development economics for high density urban brownfield sites mean this target will be exceptionally difficult to achieve; but it does indicate the degree of need in this sub region.

6. **Other contributions to the affordable homes programme:** in addition to new-build developments there are three supplementary ways for increasing the supply of affordable housing in Portsmouth:
- 1) The under-occupation transfer scheme: through targeted incentives to existing city council tenants wishing to move (usually to smaller accommodation), around 60 households will have been re-housed during 2007-08, often into larger family housing.
 - 2) The city council's empty homes programme seeks to minimise the amount of vacant privately owned housing. A variety of ways are used to achieve this, including the active involvement of housing associations. During the 2007-08 financial year almost 50 dwellings will have been brought back into use.

3) The purchase of former council housing. Over the last 25 years the city council has sold thousands of properties under the Right to Buy provisions and there are occasions, usually rare, when the opportunity arises to buy them back. Over the last five years X properties have been purchased in this way. (number requested from Jo Bennett in SOCH).

7. **Managing new affordable housing:** at the present time almost all affordable housing completed in Portsmouth is developed and later managed by housing associations. Estate management arrangements thus receive attention at all stages of the development process, beginning with pre-application planning discussions and continuing until scheme completion. Thereafter management, and resident's concerns, are monitored by the city council and the Housing Corporation.
8. **Concluding remarks:** several studies have provided evidence on the urgent need to increase the supply of affordable housing in Portsmouth. Achieving this has become a key strategic priority which is why considerable effort has been made to monitor the output of the city council's affordable homes programme. Information gathered to date indicates there has been a real increase in the number of affordable dwellings completed, and that this will continue for the next two or three years. Thereafter it is not possible to accurately predict. The down-turn in the housing market may reduce the amount of affordable housing achieved on commercial (market) housing developments.

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Appendices on Portsmouth's Affordable Housing Programme:

- 1) Estimating cumulative completions against PCC housing strategy targets (number)
- 2) Trend comparisons for social renting and intermediate tenures (percentages)

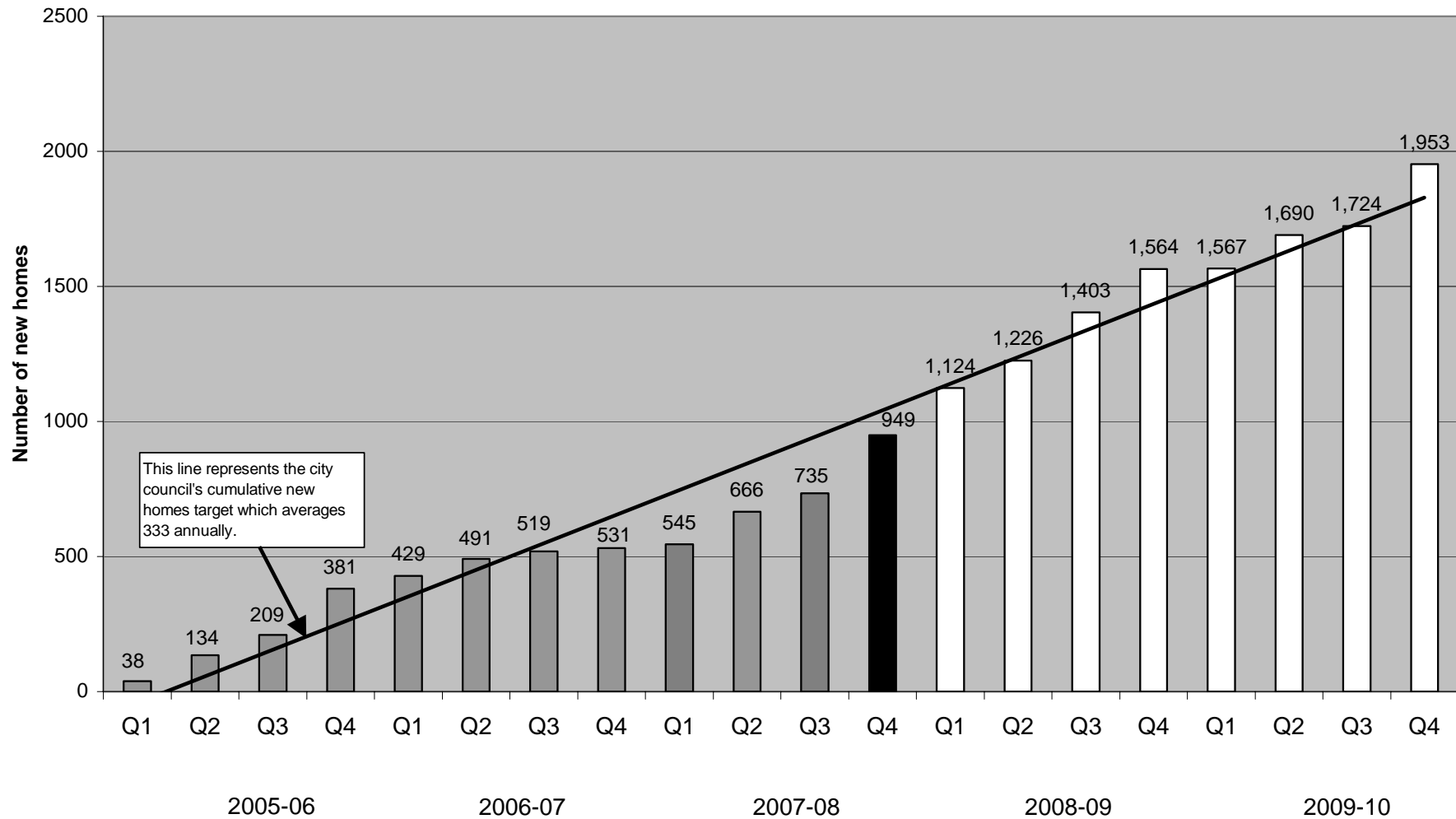
The recommendations set out above were approved/approved as amended/deferred/rejected by the Housing Executive on.....

Signed.....

PORTSMOUTH'S AFFORDABLE HOUSING PROGRAMME OVER 5 YEARS 2005-2010

Estimating cumulative completions against PCC Housing Strategy targets

Grey quarters are actual completions with estimates thereafter. Black bar is fourth quarter 2007-08



PORTSMOUTH'S AFFORDABLE HOUSING PROGRAMME
Trend comparisons for social renting and intermediate tenures
Percentages of confirmed and forecast completions

