

LEICESTER CITY COUNCIL

AFFORDABLE HOUSING STRATEGY 2008-2013

October 2009

CONTENTS

	Page Number
1. Introduction	3-5
2. Executive Summary	6-12
3. Where are we now?	13-22
4. Leicester's Vision for Affordable Housing	23- 27
5. Our strategy to achieve this vision	28-35
6. Delivery plan	36-38

Appendices:

1. Planning Policy Statement 3 (PPS3) Published 29 November, 2006 definition of Affordable Housing.
2. Supply and Demand of Council and Housing Association Homes in Leicester.
3. Lettings from the Housing Register 1997-2009.
4. Who produces affordable housing?
5. Policy HO9: Affordable Housing, extract from the Replacement City of Leicester Local Plan.
6. List of sites which can contribute to new affordable housing supply 2008-2013.

1. Introduction

1. Introduction

1.1 The Affordable Housing Strategy 2008-2013 sets out how we will seek to achieve our One Leicester Vision to create thriving safe communities and plan for people not cars and, in particular, achieve the following outcomes:

- have more affordable housing, in the right places with a greater contribution made by the private sector

and

- subject to resources, have delivered 992 new affordable homes by 2013.

1.2 This Strategy sets out:

- what affordable housing is
- what amount and type of affordable housing is needed in Leicester
- what we are currently achieving
- the policies and the Delivery Programme we need to adopt to meet our targets.

1.3 The Strategy is produced in the context of the biggest housing market crisis we have seen. In July 2007 the Government announced a target of building 3 million new houses nationally by 2020. By December 2008, we learnt that housing construction nationally in 2008 was at its lowest since 1924 (excluding the second world war period). In Leicester, there has been 740 net additional homes completed between April to December 2008. It therefore looks as though our recent build average of about 1,100 net completions a year will not be maintained.

1.4 The approach to this situation proposed in the Strategy is two fold:

- firstly to ensure that all opportunities provided by government, housing associations and the private sector are considered and pursued where they will help us achieve our targets;
- secondly to ensure that appropriate planning policies and a project management approach are in place so that Leicester can respond to the upturn when it occurs.

1.5 The stakeholders involved in producing this strategy via the consultation process on its draft have included:

- Leicester Partnership delivery partnerships (Sustainable Economic Partnership, Stronger Communities Partnership, Safer Leicester Partnership & the Health and Wellbeing Partnership)
- Community Experts Panel (consisting of current and previous service users from Supporting People funded schemes)
- Supporting People Commissioning Body

- Supporting People Core Strategy Group
- Supporting People Providers' Forum
- Homes and Communities Agency
- Government Office for the East Midlands
- Leicester Social Housing in Partnership (a local umbrella group for Registered Social Landlords)
- Leicester and Leicestershire Economic Development Leadership Board and Economic Development Company
- Private Sector home developers
- Home Builders Federation
- De Montfort University's Centre for Comparative Housing Research
- Leicester Skills Council.

1.6 The consultation process was also used to inform our Equality Impact Assessment of this Strategy.

2. Executive Summary

2. Executive Summary

Context

- 2.1 The provision of more affordable housing is one of Leicester City Council's key five year outcomes that it will deliver to contribute to 'One Leicester', the 25 year vision. Leicester's Affordable Housing Strategy sets out where we are (the need for more affordable housing), where we want to be (the 'One Leicester' Vision) and our delivery plan (strategic options to achieve this vision).

Overall Summary

- 2.2 The Leicester and Leicestershire Strategic Housing Market Assessment 2007/08 (SHMA) shows that Leicester needs 790 new affordable homes each year for the next 7 years. On average, we have produced 205 new affordable homes each year in the 6 years up to March 2008.
- 2.3 New affordable housing requires both a physical opportunity (a site or existing house), subsidy and a developer. The City Council does not have access to either sufficient land nor subsidy to enable it to have a target to fully meet the SHMA affordable housing shortfall of 790 homes a year. Such a needs-based target would suggest that 55% of all new homes produced in the city should be for affordable housing. Experience shows this is unlikely to be economically viable: subsidy, from whatever sources, is unlikely to be available on this scale.
- 2.4 Our One Leicester Five Year Outcome target of delivering 992 new affordable homes by 2013 was set following an assessment of the likely maximum affordable housing completions to come from all known sites/opportunities. Since this assessment was completed, however, the economic downturn has continued to have a massive negative effect on building rates, including for affordable housing. The 2008/09 L.A.A. (Local Area Agreement) target has not been achieved despite RSLs (Registered Social Landlords) being funded to buy unsold market stock. For the next two years at least, the market downturn will undermine our predictions about affordable homes to be delivered from both Council and privately-owned sites. If there is market recovery in the next two years, it may still be possible to achieve the One Leicester Five Year Outcome by 2013. Our LAA targets will continue to be reviewed to reflect a more realistic target in this current economic climate. However, the government is funding a number of initiatives to bring forward development on public land and we will continue to explore all opportunities to secure additional affordable housing: Our strategy reflects the current economic downturn as well as having a long-term vision.
- 2.5 In addition to the issue of the number of affordable homes that the City needs, this Strategy also considers the issues of securing the right size and type and the right quality of affordable housing and its location and neighbourhood.

- 2.6 About 80% of all the identified opportunities for new-build homes are on privately-owned sites. Planning powers allow the Council to seek to negotiate a proportion of new homes built on any site above an agreed size-threshold to be for affordable housing subject to viability considerations. The successful use of this power is dependent upon having sound policies within our Local Development Framework and good working practices to follow them through. This work is therefore prioritised within our Affordable Housing Strategy Delivery Plan.
- 2.7 About 20% of all identified opportunities for new build homes are on Council-owned sites. In addition to its planning powers, the Council can explore using its disposal of such sites to achieve more affordable housing of the mix, type and quality that the City needs. Council land and property disposals therefore form an important element of our Delivery Plan.
- 2.8 Proposed housing schemes will only be delivered if they are economically viable. The injection of sufficient subsidy can ensure a scheme which includes affordable housing is viable and may help to deliver some of the relatively expensive types of affordable housing needed eg. large family homes, homes built to wheelchair access standard, etc. Maximising subsidy is therefore the third major part of our delivery Plan.
- 2.9 Registered Social Landlords have for many years been the main developers and managers of new affordable housing and usually acquire and manage the affordable housing developed by the private sector as part of S106 agreements (planning gain agreements). However, following the government's recent statement that it intends to remove the existing financial barriers to Councils building new stock, Leicester City Council has successfully bid for funding to enable it to build new Council homes in the city.
- 2.10 Reflecting the One Leicester theme of investing in skills and enterprise, our Delivery Plan seeks to maximise opportunities to develop skills and jobs in the city via investment in affordable housing.

Where we are: the need for more affordable housing:

- 2.11 Our Strategic Housing Market Assessment (SHMA) has concluded that Leicester needs 790 new affordable homes each year of which;
- 75% (591 homes) should be for social rent, 25% (199 homes) for Intermediate Affordable housing;
 - the greatest need (87% or a total of 691 homes) is for 2 & 3 bed roomed homes, predominately for families;
 - 7% (53 homes) should have four or more bedrooms;
 - 2% (16 homes) should have one bedroom;
 - 4% (30 homes) should be for meeting sheltered/supported housing needs.
- 2.12 In addition to what the SHMA tells us, the city has other evidence sources for the need for additional affordable housing. The policy response to the SHMA

and the other evidence, will form part of the Delivery Programme; other evidence of housing need includes:

- Our Housing Register: There are 8,305 households currently waiting for a social rented home (as of 12.01.09) and yet only 1,812 households could take a social rented tenancy last year (2008/09). Of those on the Housing Register, 93 households require a home to be built to full wheelchair standards (07/07/09); 29 such households were helped last year (2008/09). There are 7509 children within the households on our Housing Register (12/01/09). In 2007/08, 209 children were in households that became statutorily homeless;
- Data gathered for the Government's PSA 16 targets for socially excluded adults - "a home and a job" - (for whom the aim of the government is to secure both settled accommodation and employment, education or training);
- Leicester's current/emerging strategies on Housing for Older People, Supporting People and Homelessness;
- The needs analysis completed to inform 'An Extra Care Housing Strategy for Older People in Leicester, 2006-2010' noted that 480 of the 1000 units needed over the next ten years should be for social rented affordable homes;
- Work with partners, particularly the NHS, has clarified a need for a range of affordable housing to be provided across Leicester City, Leicestershire and Rutland to meet the needs of 78 people with severe learning disabilities coming out of NHS campus accommodation by 2010;
- the City's Government Pilot status for tackling overcrowding: using the Government's bedroom standard, 1,596 households in the City are living in overcrowded homes of which 299 are severely overcrowded (1.4.08);
- the Gypsies and Travellers Accommodation Needs Assessment (2006-2016).

2.13 We have to ensure we secure the best mix of affordable housing in terms of tenure, dwelling size/type and location so that no particular group(s) of people/households are disadvantaged by the new supply of affordable housing. To date, it has often proved harder to secure new affordable family homes, in spite of the evidence of great need for this type of housing, and relatively easier to secure one bedroom homes for which the volume of need (for new supply) is much less.

From needs to target setting

2.14 Our SHMA demonstrates that Leicester needs 790 new affordable homes each year, for the next seven years. Because affordable housing requires subsidy, it is not economically viable to meet all the City's affordable housing need, and therefore the target cannot be set to directly match need.

2.15 Targets for the amount of affordable housing to be provided in Leicester will be included in the city's planning documents (Local Development Documents). This target number will be arrived at through considering the city's housing needs, together with the city's Growth Infrastructure

Assessment, an Economic Viability study into the provision of affordable housing and an assessment of the likely levels of finance available for affordable housing. The first of these Local Development Documents (the Core Strategy) is currently programmed for adoption in 2010. (These planning targets will be in line with government guidance – Planning Policy Statement 3).

- 2.16 For our Five Year One Leicester Outcome target (for up to 2013) a calculation was made of what amount of affordable housing is likely to be achieved using current planning powers and likely levels of subsidy plus an element of stretch.

Where we want to be: the ‘One Leicester’ vision

- 2.17 Leicester’s Sustainable Community Strategy ‘One Leicester’ has a vision for Leicester which includes “a real choice of housing for everyone, with an increased supply of affordable homes” and “enough high quality ‘extra-care’ homes for individuals and families who need care and support through age or disability, reducing the need to move home at times of crisis and change.”
- 2.18 The targets for both the social rented homes only (156 in 08/09, 101 in 09/10 and 415 in 10/11) and for all affordable housing (social rented and intermediate: 992 new affordable homes by 2013) reflect an assessment of projected supply from all known sites/opportunities plus an element of stretch. The assessment of sites/opportunities will continue to be reviewed to best reflect the housing market and this might lead to a revision of our targets.
- 2.19 Our One Leicester and Local Area Agreement targets are:

Year	Net additional homes provided		Number of affordable homes delivered (gross)	
	Planning for People not cars		Creating Safer and Stronger Communities and Planning for People not Cars	
	L.A.A. Target: NI 154 Net additional homes provided		L.A.A. Local Target: NI 155i Number of Social Rented Affordable homes delivered (gross)	One Leicester 5 Year Target: NI 155 Number of Affordable homes delivered (gross)
2008/09	940		156	186
2009/10	470		101	111
2010/11	940		415	435
2011/12				130

2012/13			130
Total			992

2.20 The Affordable Housing Strategy forms part of the Strategic Programme for Planning for People Not Cars. It supports a number of other One Leicester 5 year outcomes:

- more people living in decent homes
- overcrowding reduced
- accommodation strategy for better use of housing
- more older people living independently in the community of their choice
- increase the percentage of people satisfied with their area
- support the Putting People First agenda
- provide sustainable employment
- reduce reoffending and offending (a home and a job)
- narrowing the wellbeing gap for children
- reduce CO2 emissions

Our Delivery Plan – Strategic Options to achieve the vision

2.21 Our Delivery Plan concentrates on three major ways of increasing the supply of affordable housing and ensuring that any opportunities whether resulting from market opportunities or from new government initiatives, are strategically explored. The three major ways are:

- A. Working with partners to make best use of negotiation skills and planning powers;
- B. Optimising affordable housing outcomes from LCC land and property disposals;
- C. Maximising the amount of capital funding (subsidy) for affordable housing.

2.22 We will use a range of approaches to achieve our outcomes: We will:

- Adapt our approach to take into account the housing market crisis;
- Maximise support and subsidy received from the new Homes and Communities Agency (HCA);
- Identify and pursue new sources of subsidy for the City for example, responding to the Government’s Housing Pledge which included new Council house building and ‘Kick Start’ funding for stalled market housing sites which may include an element of affordable housing;
- Adopt new ways of working with the private sector (project management, early contact between developer and housing associations);
- Strategically assess the new options that Government is developing for Council’s own land (Local Housing Companies, National Affordable Housing Programme grant becoming available to Councils);

- Ensure Leicester makes best use of the range of new “products” from the Homes and Communities Agency, which will subsidise home purchase for low income families;
- Ensure that we seek to gain the size and type of affordable housing (plus any required support) that the City requires;
- Reassess the contribution of the private rented sector in meeting affordable housing need, in particular the impact of the new Local Housing Allowances;
- Continue to explore cross boundary working to achieve our target outcomes through the newly formed Housing, Planning and Infrastructure Group, which is a Strategy and Performance Group supporting the Leicester and Leicestershire Economic Development Leadership Board;
- Review the need for major works on our own stock once Decent Homes Standards have been achieved (by 2010);
- Liaise with the Homes and Communities Agency and the Leicester Skills Council to maximize opportunities to develop skills and jobs in the city via investment in affordable housing.

2.23 We have set up an Affordable Housing Programme Board to oversee this work and ensure that the affordable housing that the City Council enables meets the evidenced needs in the City. The Board reports to the Planning for People Not Cars Partnership on progress in meeting the LAA target and the One Leicester Target and to other LAA Delivery Groups, as required, on meeting the needs of those groups in the city that need affordable housing.

2.24 Our detailed Delivery Plan is set out in Section 6 and the accompanying document.

3. Where are we now?

3. Where are we now?

What is affordable housing?

3.1 Affordable Housing is homes for people whose needs are not met by the market. Affordable Housing includes:

- social rented housing – homes for rent which have rents determined through the national rent regime or equivalent arrangements (this includes council houses and homes owned and/or managed by Registered Social Landlords for rent);
- Intermediate affordable housing – homes at prices and rents above those of social rent but below market price or rents (this includes shared equity products like Homebuy, other low cost homes for sale and intermediate rent, like HomeCome properties).

(The Government's full definition of Affordable Housing is given at Appendix 1).

3.2 The fact that affordable housing is rented or sold at a price below the market level means that subsidy is needed to create it. This issue is explored in Section 5.

What's Leicester's current situation with Affordable Housing?

The Existing Supply:

3.3 Social Rented Housing

3.4 Leicester currently has a total supply of just under 33,000 social rented homes (Source: H.I.P. returns 2007/08) – that's about 26% of the City's total dwelling stock. Council houses account for about 22,446 of these homes and the remainder are owned and managed by Registered Social Landlords (RSLs).

3.5 Practically all of the City's social rented homes have already got households living in them. Whenever one of these households indicate that they wish to leave their social rented home, every effort is made to ensure that the next household is moved in quickly to minimise the amount of time that any of the City's social rented homes is left empty. A household can only be offered a social rented home if one becomes empty or a new one is built or bought. This supply of homes for 'letting/re-letting' has significantly decreased due to both Right to Buy (removing homes permanently from the social rented housing supply) and the positive stabilisation of many communities (so households choose to stay in their homes). The prompt re-letting of social rented homes and timely nomination of households to any newly completed homes enabled 1,812 households to move into homes last year (2008/09). Whilst this is 71 more households than in 2007/08, it is less than half of the 4737 households rehoused in 1998/99! (See Appendix 3: Lettings from the Housing Register 1997-2009).

- 3.6 Intermediate affordable housing
- 3.7 HomeCome manage and rent out a total of 144 homes to households from the city's Housing Register (132 of these homes are owned by HomeCome the rest are leased by HomeCome from the private sector). HomeCome rent out these properties at or below Local Housing Allowance level. The city also has a supply of homes in shared-ownership, partly owned by the occupants with the remaining part owned by one of a number of Registered Social Landlords (RSLs).
- 3.8 We do not have a figure for the city's total supply of Intermediate Affordable Housing.
- 3.9 Most new affordable housing is provided by Housing Associations. In Leicester, the Council set up HomeCome to add to the City's supply of affordable homes via the purchase of existing satisfactory homes.

The Existing Demand:

- 3.10 There are 8,305 households waiting for a social rented home in Leicester (Source: Council's Housing Register, 12.01.09).
- 3.11 These households can only be offered a social rented home when one becomes available either as a 'relet' (when an existing social rented home becomes empty) or as 'new supply' (eg a newly-built or newly-purchased home for social rent). Last year there were 1,849 relet and new affordable homes for rent (1,812 for social rent and 37 for intermediate rent via HomeCome).
- 3.12 All households on the Housing Register are awarded 'points' to reflect their current housing situation and distress, ranging from the immediate crisis of homelessness and harassment through to overcrowding, health issues related to the home, sharing facilities with other households or living at a distance from much needed family or friends support.
- 3.13 An analysis of the Housing Register and the recent supply of social rented homes (see Appendix 2: Supply and Demand of Council and Housing Association Homes in Leicester, published 29.4.09) shows that:
- the situation is worst for people needing large family homes (with at least four bedrooms). These are the least likely to be rehoused because of the number of households in a similar situation for every available large family home;
 - even households with more than 250 points have a poor chance of being rehoused if they need 5 or more bedrooms (because of the number of households in a similar situation for every available larger family home);
 - Households needing homes with 2 bedrooms have a good chance of being rehoused within 12 months if they have 195 points or more but those

with less points than that will struggle to get rehoused into a two bedroom home;

- Households needing a one-bedroom home fare the best. Those with 150 points or more have a good chance of being rehoused in a year however those with less than 149 points still have a 1 in 5 chance of being rehoused within a year;
- 26% of households on the Housing Register have 150 or more points and 74% have less than 150 points (as of 30/7/09).

3.14 Leicester does not currently have a register of demand for intermediate affordable housing for rent and/or sale or shared-ownership. Some households in need of affordable housing will also have additional requirements, for example:

- 93 households on the Housing Register require a home built to full wheelchair accessible standards (as of 07/07/09);
- Leicester has a significant number of people who require supported/staffed accommodation.

Future Demand:

3.15 Our Strategic Housing Market Assessment's Final Report (December 2008) has concluded that Leicester needs 790 new affordable homes each year of which;

- 75% (591 homes) should be for social rent, 25% (199 homes) for Intermediate Affordable housing;
- the greatest need (87% or a total of 691 homes) is for 2 & 3 bedroomed homes, predominately for families;
- 7% (53 homes) should have four or more bedrooms;
- 2% (16 homes) should have one bedroom;
- 4% (30 homes) should be for meeting sheltered/supported housing needs.

Note that this analysis will be considered against other evidence bases, particularly for supported housing.

3.16 The following table summarises what the SHMA concludes is the type and size of affordable housing required to meet the City's needs:

SHMA's affordable housing annual type/size profile for the next 7 years for Leicester:

Social Rent			
1 bed	12	2%	General needs
2 bed	295	37%	4 (1%) upsizing general needs flats 67 (9%) downsizing flats/bungalows

			145 (18%) general needs houses 79 (10%) older households
3 bed	222	28%	23 (3%) general needs flats 199 (25%) general needs houses
4+ bed	32	4%	General needs
Sheltered/Supported	30	4%	Sheltered/supported
Total	591	75%	
Intermediate			
1 bed	4	1%	General needs
2 bed	97	12%	General needs
3 bed	77	10%	General needs
4+ bed	21	3%	General needs
Total	199	25%	
Overall total	790	100%	

3.17 In addition to what the SHMA tells us, the city has other evidence sources for the need for additional affordable housing. The policy response to the SHMA and the other evidence, will form part of the Delivery Programme; other evidence of housing need includes:

- The needs analysis completed to inform ‘An **Extra Care Housing** Strategy for Older People in Leicester, 2006-2010’ noted that 480 of the 1000 units needed over the next ten years should be for social rented affordable homes;
- Work with partners, particularly the NHS, has clarified a need for a range of affordable housing to be provided across Leicester City, Leicestershire and Rutland to meet the needs of 78 **people with severe learning disabilities** coming out of NHS campus accommodation by 2010;
- **Our Housing Register:** There are 8,305 households currently waiting for a social rented home (as of 12.01.09) and yet only 1,812 households could take a social rented tenancy last year (2008/09). Of those on the Housing Register, 93 households require a home to be built to full wheelchair standards (07/07/09). 29 households were helped last year (2008/09). There are 7509 children within the households on our Housing Register (12/01/09). Last year (2007/08), 209 children were in households that became statutorily homeless;
- Data gathered for the Government’s Public Service Delivery Agreement - **PSA 16 targets for socially excluded adults** - “a home and a job” - (for whom the aim of the government is to secure both settled accommodation and employment, education or training);
- Leicester’s **current/emerging strategies on Housing for Older People, Supporting People and Homelessness**. For example, the review of our Supporting People Strategy is identifying where there are gaps in housing provision for vulnerable people and the draft Homelessness Strategy 2008-2013 demonstrates a continuing need for more affordable housing (independent, semi-independent and supported housing) as part of a range of measures to address the homelessness faced by families, single people and couples in the City;

- the **City's Government Pilot status for tackling overcrowding**: using the Government's bedroom standard, 1,596 households in the City are living in overcrowded homes of which 299 are severely overcrowded (1.4.08);
- the **Gypsies and Travellers Accommodation Needs Assessment (2006-2016)**: Leicester needs 20 transit pitches and 24 residential pitches by 2011 with an additional 15 pitches needed by 2016. The East Midlands Regional Spatial Strategy 2009 includes requirements for local authorities to identify land for additional pitch provision to meet identified need. The requirement for inclusion in Leicester's Local Development Framework is 24 additional residential pitches, plus 10 transit pitches and 3 additional plots for show people by 2012;
- the **increasing number of low-income households living in the private rented sector**: because of the shortage of affordable housing, people who come to the Council's Housing Options Centre are increasingly being encouraged to use the private rented sector. Housing Benefit data shows that there are 5,517 low-income households already living in private rented homes.

3.18 The Leicester and Leicestershire Strategic Housing Market Assessment considered the housing needs of different groups of people, including BME communities, people with disabilities, Older people, etc. Its Final Report and other evidence will be used to inform our Local Development Framework about Leicester's future demand for all housing, including affordable housing (for example, the number, type, tenure and size of homes needed) in order to meet the City's needs.

3.19 The SHMA and other evidence will be considered alongside both an assessment of the likely economic viability of housing land in the city and an assessment of the likely levels of finance that will be available for affordable housing (eg public subsidy, contributions from the developer - 'developer contributions') to arrive at targets for affordable housing via planning gain.

3.20 The SHMA has also identified certain trends/issues to inform work towards policy in Leicester:

- falling house prices in the current market do not necessarily mean that the need for affordable housing will fall because of the current difficulty in obtaining (and maintaining) mortgages, including the requirement for a deposit payment;
- the demand for Intermediate Housing in the medium term could struggle because of the difficulties in securing a mortgage;
- the city has a significant proportion of older 'empty nesters' underoccupying family-sized housing. These households often have greater market power and more choice than younger households. If it were possible to identify and secure housing options that are attractive and suitable for older people, particularly those who want to downsize, then this will bring benefits to the wider community by increasing the supply of available larger housing to meet the needs of new younger families;

- the supply of private rented accommodation has increased and rents have been falling - the promotion of Housing Benefit Local Housing Allowance should therefore continue;
- the city shows signs of a mature market for student housing where the large supply of purpose built student housing plus Buy-to-Let city flats and older terraces in the private rental sector are competing for tenants. In some areas of the city, the less desirable stock, once deserted by students, has become homes for young migrants. However, with many migrants choosing to return home, there is a risk that some of these older terrace housing areas will experience an increase in empty homes and may be at risk of falling into low demand;
- there could be a decline in the private rented sector and the empty city flats and older housing stock could become a problem.

Securing the right type of affordable housing (mix of house sizes/types and quality):

- 3.21 We have to seek to secure the right mix of types of affordable housing to meet Leicester's current and future housing needs and to strive towards ensuring that no particular group(s) of people/households are disadvantaged by the new supply of affordable housing.
- 3.22 To date some house types have been easier to secure for affordable housing than others, for example, flats have been easier to secure than family homes (suitable for households with children). Generally, this has been because smaller cheaper homes like flats are easier to secure than larger ones and home-ownership affordable housing products (Intermediate Affordable Housing) have been easier to secure than social rented because they cost the developer less to produce than larger homes and rented homes. Yet our Strategic Housing Market Assessment suggests that Leicester only needs an additional 16 one bedroomed flats for affordable housing each year for the next 7 years – 12 for social rent and 4 for intermediate affordable housing.
- 3.23 Securing large family homes (those with four or more bedrooms) always proves very challenging. Our Housing Register (02/10/08) has a total of 649 households who need a home with at least 4 bedrooms. It is these households that experience the least chance of being rehoused within 12 months because of the number of households waiting for each available let of this size of home. Our Strategic Housing Market Assessment indicates that 7% of the city's annual affordable housing shortfall of 790 is for homes with 4 or more bedrooms – that's 53 large family homes each year. Yet, even with our previously high target for large family homes (61% based on our former Housing Needs Survey) influencing our negotiations for planning gain sites, HomeCome acquisitions, etc., we have still achieved, on average, less than 37 new large family homes a year in the 4 years up to March 2008.
- 3.24 Building densities in the city have increased dramatically both in recognition of the need to make best use of scarce land and in order to aid the financial viability of a scheme. The main resulting product in Leicester has been small flats, many of which have little or no play/amenity space within individual flats,

the development itself nor its immediate vicinity. This means that many of the city's new flatted developments are not suitable for many (if any) households with children to live in. Most City Centre developments are 1 and 2 bedroom apartments. We know that, in terms of future demand for market housing, 41% of households will include a child/children and that the greatest need for affordable housing is for families (SHMA). An analysis of the Housing Register shows that, of a total of 2,900 households who require a two bedroom home:

- over 70% (2,044 households) have children living with them;
- a further 6% (186 households) have regular parental/guardian access right to children;
- 23% (670 households) do not have children.

3.25 We therefore need to explore how best to influence future housing development proposals to secure both a sustainable density and living environments that are suitable and welcoming for children.

New affordable housing as part of the supply of all new housing and the current housing market:

3.26 The supply of new affordable housing, especially as an element of new mixed communities, is significantly affected by the supply of new housing in general.

3.27 Leicester is one of the Government's New Growth Points for producing more new homes. The East Midlands Regional Plan identifies that 25,600 new homes should be provided in Leicester City over the period 2006 – 2026.

3.28 Sufficient land has to be identified to accommodate these 25,600 proposed new homes. Existing completions (since 2006), permissions and allocations allow for about 23,300 and work is underway to identify how the remaining 2,300 new homes will be accommodated.

3.29 From the sites identified to date, it appears that at least 50% of the homes will be provided within the Strategic Regeneration Area on private land, which is either currently cleared brownfield site, or buildings awaiting conversion or demolition.

3.30 A further 20% of the homes will be provided on Council owned land, the majority at the proposed edge of town new settlement of Ashton Green (3,500 homes) plus Hamilton East (550 homes), Saffron Velodrome (250 homes) and Hamilton Manor Farm (150 homes). Former allotment land and school sites make up most of the remaining Council owned sites – there is only a small amount of vacant Housing Revenue Account sites.

3.31 The land for the remaining 30% of proposed new homes is on private sites throughout the City, including completion of the edge of town settlement of Hamilton.

- 3.32 There would need to be 1,280 new homes completed each year to meet the 25,600 new homes target by 2026. This is a much higher build rate than the City has achieved for almost 30 years and will require a 40% increase over past completion rates during 2001-2007. The target is made all the more challenging by the current downturn in the housing market.
- 3.33 Leicester's target for 25,600 new homes will be extremely challenging because of its heavy reliance on City Centre apartments which are most severely affected by the current housing market downturn.
- 3.34 Our SHMA suggests that the profile of household types requiring market housing will consist of 41% families with children, 33% single person, 20% couples and 6% other household types.
- 3.35 The Local Government Association and Homes and Communities Agency advise that whilst property prices have fallen, current economic conditions have limited availability of mortgage credit, and in the medium term may make it more likely that people will require housing support and access to affordable housing.

Our current strategy and predicted outcomes:

- 3.36 Our current strategy is based on:
- Maximising the Homes and Communities Agency's (HCA) investment in the City by providing good evidence of need and working closely with the HCA, Housing Associations and developers;
 - Working with developers who submit major planning applications;
 - Having a planned programme of developing our own sites;
 - Investing commuted sums collected from developers;
 - Investing Growth Point money for infrastructure;
 - Redevelopment of our housing stock, using HRA (Housing Revenue Account) revenue, capital and other subsidy sources.
- 3.37 Our current strategy has produced an average total of 205 homes a year for the last 6 years.
- 3.38 Planning negotiations with private developers secured 23% (187 out of 827) of Leicester's total affordable housing completions for the period 1.4.04 to 31.3.08. Our Affordable Housing Planning Policy has secured the completion of 964 affordable homes in the City in the past 10 years (up to 31.03.08). 180 of these affordable homes are within the Strategic Regeneration Area, 168 of which are in RSL-led schemes.

- 3.39 The economic downturn has witnessed a slowdown in build out of Section 106/planning gain sites, a reduction in cross-subsidy from sale to rent as shared ownership products become more difficult to sell and a reduction in the ability of RSLs to borrow at the rates that were available before the credit crunch. All these factors affect housing development capacity and are likely to lead to reduced housing completions, both in this year and for the next few years, for market and affordable housing.

Summary Conclusion of Leicester's current situation with affordable housing:

- 3.40 The City already has just under 33,000 social rented homes that are managed to make efficient use of them. This supply is simply not enough to meet the City's demands: over 8,000 households are currently waiting for a social rented home, and many of these, especially households needing a large family home, are very unlikely to be rehoused within the next year because of the number of households in a similar situation for every large home that becomes available. Our Strategic Housing Market Assessment concludes that the city needs an additional 790 affordable homes each year to meet needs.
- 3.41 A proportion of our new supply of affordable homes must be built to wheelchair standards to ensure the households requiring wheelchair accessible homes do not have an unequitable wait for a suitable home.
- 3.42 Leicester needs more affordable homes, particularly for rent and especially family homes with three, two and four bedrooms. The City also needs additional supported housing to ensure its most vulnerable citizens' housing needs are also addressed. To date, we have managed to secure an average of 205 affordable homes each year, much less than our shortfall (need) and yet the current economic downturn, especially in the housing market, will make it even harder to secure new affordable housing.

4. Leicester's vision for affordable housing

4. Leicester's vision for Affordable Housing

- 4.1 Leicester's sustainable community strategy 'One Leicester' is supported by all of the major public, private and voluntary sector organisations across the City. Its vision for Leicester includes "a real choice of housing for everyone, with an increased supply of affordable homes" and "enough high quality 'extra-care' homes for individuals and families who need care and support through age or disability, reducing the need to move home at times of crisis and change".
- 4.2 "One Leicester"'s priorities for action include a commitment "to ensuring there is sufficient housing in the City that everyone can afford". "To do this we will look at how we can make more affordable social housing available to people on lower incomes. This could include support for mutual housing schemes and increased funding for housing associations".
- 4.3 The delivery of new affordable homes is one of Leicester's priority 5 year Outcomes and forms part of the Strategic Programmes for achieving our Vision's themes of 'Planning for People not cars' and 'Creating Thriving Safe Communities'.
- 4.4 Reflecting the One Leicester theme of investing in skills and enterprise, our Delivery Plan seeks to maximise opportunities to develop skills and jobs in the city via investment in affordable housing.
- 4.5 The Affordable Housing Strategy supports a number of One Leicester and LAA targets in particular:

- NI 155: Number of social rented affordable homes delivered (gross).
- NI 155i: Number of social rented affordable homes delivered (gross) (Local LAA target).
- NI 154: Net additional homes provided.
- NI 142: Number of vulnerable people who are supported to maintain independent living.
- NI 143: Offenders under probation supervision living in settled and suitable accommodation at the end of their order or licence.
- NI 50: Emotional health of children.
- NI 54: Services for disabled children.
- NI 188: Planning to adapt to climate change.

Plus the following One Leicester five year outcomes to be achieved by 2013:

- more people living in decent homes
- overcrowding reduced

- accommodation strategy for better use of housing
- more older people living independently in the community of their choice
- increase the percentage of people satisfied with their area
- support the Putting People First agenda
- provide sustainable employment
- reduce reoffending and offending (a home and a job)
- narrowing the wellbeing gap for children
- reduce CO2 emissions.

4.6 In addition to supporting these L.A.A. and One Leicester targets, the Affordable Housing Strategy supports the Supporting People Strategy (supported accommodation), the Homelessness Strategy (preventing homelessness) and the Public Service Delivery Agreement 16 (October 2007) which aims to “increase the proportion of socially excluded adults in settled accommodation and employment, education or training”, focusing on the following four client groups:

- Care leavers;
- Adult offenders under probation supervision;
- Adults in contact with secondary mental health services, and
- Adults with moderate to severe learning disabilities.

4.7 The Affordable Housing Strategy also supports both the Regional Housing Strategy and the Regional Plan.

Setting targets for affordable housing to achieve our vision:

4.8 It would not be viable to have targets for new affordable housing which aim to eradicate all need. For example, our SHMA report states that, to meet all of our affordable housing shortfall, 55% of all planned new housing supply in Leicester should be for affordable housing. The report goes on to acknowledge that this is not viable. It is very unlikely that there could be enough subsidy available from all possible sources to match this level of need: subsidy, from one source or another, is required to produce affordable housing.

4.9 Targets for the amount of affordable housing to be provided in Leicester will be included in the city’s planning documents (Local Development Documents). This target number will be arrived at through considering the city’s housing needs, together with the city’s Growth Infrastructure Assessment, an Economic Viability study into the provision of affordable housing and an assessment of the likely levels of finance available for affordable housing. The first of these Local Developments Documents (the Core Strategy) is currently programmed for adoption in 2010. (These planning targets will be in line with government guidance – Planning Policy Statement 3).

4.10 The affordable housing targets for both the L.A.A. and the One Leicester five year outcome (for up to 2013) reflect an assessment of projected supply from

all known sites/opportunities (see appendix 6) plus an element of stretch. (This 'stretch' simply means to increasing the target beyond actual projected supply to achieve a slightly more ambitious target). The assessment of sites/opportunities is being reviewed to better reflect the downturn in the housing market and this might lead to a revision of our targets. (This approach of basing affordable housing LAA targets predominantly on projected supply is also taken at Derby and is supported by the Housing Corporation/Homes and Communities Agency and by the Government Office for the East Midlands.)

- 4.11 The National Indicator for affordable housing is N.I. 155: Number of affordable homes delivered (gross). We have a local target to increase the number of social rented affordable homes delivered (gross). It is this local target which appears in Leicester's Local Area Agreement: 2008-11. The following table shows the LAA's targets for all new homes and for the number of social rented affordable homes delivered. Our One Leicester five year outcome target is to deliver 922 affordable homes (social rented and intermediate affordable housing) by 2013. These targets may need revision in light of the current downturn in the housing market.

Leicester's Local Area Agreement: 2008-11 targets for all new homes and social rented affordable homes delivered and One Leicester 5 year outcome:

Year	Net additional homes provided	Number of affordable homes delivered (gross)	
	Planning for People not cars	Creating Safer and Stronger Communities and Planning for People not Cars	
	L.A.A. Target: NI 154 Net additional homes provided	L.A.A. Local Target: NI 155i Number of Social Rented Affordable homes delivered (gross)	One Leicester 5 Year Target: NI 155 Number of Affordable homes delivered (gross)
2008/09	940	156	186
2009/10	470	101	111
2010/11	940	415	435
2011/12			130
2012/13			130
Total			992

- 4.12 (Not all affordable housing completions will also contribute to 'NI 154: Net Additional Homes provided', only those which result in additional housing

stock. Where existing market homes have been secured for affordable housing, these will contribute to NI 155 but not to NI 154).

5. Our Strategy to achieve this vision

5. Our Strategy to achieve this vision

How can new affordable housing be secured?

- 5.1 Two elements are essential to any developer or enabler seeking to secure affordable housing. First is the physical opportunity – either a site or an existing home/building. Second is the subsidy, to ensure the housing is affordable.

To build or acquire? The physical opportunity to secure affordable housing:

- 5.2 We can work towards our affordable housing targets by using either or both of the following routes:

- through the building of new affordable homes on available sites;
- through the purchase of newly built homes (“off the shelf” purchases) and suitable empty homes (either as “existing satisfactory” or as “street rehabs” depending on the need for major repairs).

(Appendix 6 lists all known site opportunities for achieving new build affordable housing and the projected amount of affordable housing that could be secured. Whilst this list does not include for the purchase of existing homes, the City Council recognises the important role that ‘street rehabs’ and bringing empty homes back into use have, in addressing both the need for additional affordable homes, especially within existing communities, and in sustaining existing communities. As part of ‘One Leicester’ the Council has an active Empty Homes Strategy and a Private Sector Renewal Strategy).

Sources of subsidy

- 5.3 Because affordable housing is rented or sold at below the market level **subsidy** is needed to create it.

- 5.4 The current sources of subsidy are:

- National Affordable Housing Programme funding from the Government via the Homes and Communities Agency and paid to Housing Associations (Registered Social Landlords) and approved private developers. (The Housing Minister has indicated that the Government is considering paying it to Councils next year);
- Reserves of Housing Associations;
- The Council selling land and/or property at less than market value.
- Developers contributing part of the profit to be made from a residential development (this is ‘captured’ through the planning system as ‘planning gain’);

- Other Government funds eg. New Growth Points funding. (New Growth Point funding can be used towards both infrastructure and direct intervention to deliver affordable housing.);
 - Private Finance Initiatives (PFI) funding to combinations of the above;
 - Council paying 'affordable rent grant' (eg to HomeCome).
- 5.5 Note that the Planning Gain form of subsidy is critical because through it, affordable housing developers gain access to residential land (i.e. the 'physical opportunity' as well as subsidy). This is increasingly important because 80% of the 25,600 plots left in the City are in private ownership. Even where the likely profit on a privately owned site is insufficient to allow for a developer contribution towards affordable housing, the planning process may still secure affordable housing via subsidy from another source eg Homes and Communities Agency, New Growth Points, etc.

Our strategy for boosting the supply of affordable housing

- 5.6 Our strategy seeks to optimise our access to both the physical opportunities (land and/or properties) and subsidy required to secure affordable housing. We will focus on the three major ways of increasing supply:
- Working with partners to make best use of negotiation skills and planning powers;
 - Optimising affordable housing outcomes from LCC land and property disposals;
 - Maximising the amount of capital funding (subsidy) for affordable housing.
- 5.7 (The importance of each of these three activities in securing affordable homes to date can be demonstrated by the table in appendix 4: Who produces affordable housing?)
- 5.8 We are also considering how best to use each/all of these three major ways given the current significant economic downturn and its impact on the housing market.
- 5.9 Our strategy is to bring together landowners (public and private) with developers (who build) and, usually, housing associations to subsequently let and manage the homes. Within the Council this enabling role involves close working between the Housing Development Team, Planners, Property Services and Legal Services.
- 5.10 **Working with partners to make best use of negotiation skills and planning powers:**
- 5.11 **Making best use of existing planning powers and procedures:** Our Local Plan Affordable Housing Policy is set out in Appendix 5. We are currently achieving at approval stage an average of 15% affordable housing on sites

above the Planning policy threshold, compared to the policy target of 30%. We can aim to improve on or at least maintain this by continuing to:

- Work in partnership with developers/applicants to ensure that all applicants are advised about the need to design in affordable housing at the earliest stage of contact with the Council;
- Ensure that there is early contact between the developer/applicant and the Homes and Communities Agency;
- Ensure that land values considered in financial viability assessments reflect all planning requirements, including affordable housing;
- Ensure that all potential sources of funding towards any of a scheme's required planning contributions are explored before a reduction or removal of the affordable housing contribution is considered. The main current sources of funding are the Homes and Communities Agency, Growth Points Funding and RSLs' own resources;
- Use a project management approach on large sites/applications;
- Use the evidence within the Strategic Housing Market Assessment to back the Local Plan policy on Housing Mix and Type to better enable us to secure the kind of affordable housing (mix, type, tenure, size) we require on site (rather than having to seek a commuted sum).

5.12 Making sure the proposed new policies in the Local Development Framework (LDF) maximise the Council's ability to secure additional affordable housing:

5.13 The pre-submission Core Strategy was approved by Council in September 2009. Our ability to best negotiate the amount and type of affordable housing secured in the future will be affected by the robustness of the policies in the Core Strategy (and any relevant supporting L.D.F. documents). This work is being led by Planning Policy Officers.

5.14 We will continue to ensure that:

- required evidence bases are robust (eg Strategic Housing Land Availability Assessment, Strategic Housing Market Assessment, Growth Infrastructure Assessment);
- all required background information is in place (eg assessment of the likely economic viability of land for housing within the area, informed assessments of the likely levels of finance available for affordable housing, updated commuted sum figure, etc);
- lessons learnt from implementing the current affordable housing policy are reflected (eg need to have policy for dealing with applications which seek to avoid the threshold by either artificially splitting the site (sequential development) and/or reducing the amount of dwellings proposed to just under the threshold).

5.15 Optimising affordable housing outcomes in Leicester City Council land and property disposals:

Disposal of Corporately owned land and property:

- 5.16 Corporately owned land will provide 20% of new housing plots available in the City until 2026.
- 5.17 The sale of corporately-owned land and property plays a key role in delivering the 'One Leicester' Vision for the city by financing the council's Capital Programme. It could be possible to improve the amount and mix/type of affordable housing secured via the disposal of corporately-owned land and property but this is likely to be at the expense of capital receipts and consequently the council's capital programme. (This is because any restrictions/requirements the Council makes on what can be done with land it sells usually results in the lowering of the land's value.)
- 5.18 The Government is proposing a number of initiatives to encourage Councils to use their own land for affordable housing but all involve either reduced, deferred or nil receipts. These initiatives have or are being explored and are:
- Local Housing Companies (deferred receipts);
 - PFI Credits (discounted value);
 - Disposals with enhanced affordable housing (30% plus) during current housing market crisis;
 - Bringing forward the disposal of sites to enable the development of affordable housing.

Disposal of vacant/unused Housing Revenue Account sites.

- 5.19 The council will continue to assess the suitability of any vacant/unused sites held in the Housing Revenue Account in terms of their suitability and viability for yielding new housing, including affordable housing.
- 5.20 **Our current programme** of such works includes seven small sites, batched together for marketing and disposal purposes, referred to as 'Batch 1 sites'. Following our tender exercise, the East Midlands Housing Association was selected as our partner association and has since secured both planning approval and £743,000 of Homes and Communities Agency funds to put together with the £560,000 grant and land sales discounted to £1 each from the Council to produce a total of 43 new affordable homes.
- 5.21 We are now working on sites in Conduit Street.
- 5.22 **Our proposed future programme** includes a 'Batch 3' of sites, all in the Braunstone area.
- 5.23 We will continue to consider how best to parcel/group any other small potential development sites to continue this programme.

Demolition and redevelopment of existing but unsuitable affordable homes.

- 5.24 The Council will continue its programme of considering the redevelopment of existing but unsuitable affordable homes.
- 5.25 **Our past successes** include the redevelopment of sites cleared of defective Boot houses at Saffron and Braunstone and also the redevelopment of the sites cleared of unpopular and expensive-to-maintain tower blocks at Rowlatts Hill and St Matthews and new uses for three sheltered schemes.
- 5.26 **Our current programme** includes the seven sites the Council sold at Beaumont Leys to Lovell Partnership for the creation of over 100 new homes, 40 of which will be affordable homes.
- 5.27 We are now working on the proposed redevelopment of The Exchange.
- 5.28 **Our future programme** will include a major assessment of all our bungalow stock and continued monitoring of demand for existing sheltered housing schemes. We will also seek the redevelopment of the now cleared site at Godstow Walk and consider options for Goscote House. As we near to achieving full Decent Homes Standards on all our council housing stock, we will continue to strategically assess our stock holding to ensure it is fit for purpose and will remain a quality response to local housing needs, exploring remodelling or redevelopment options as and when appropriate.
- 5.29 **Maximising the amount of capital funding (subsidy) for affordable housing:**
- 5.30 **Continue to seek to maximise Homes and Communities Agency funding in the City:** An initial allocation of £8.9m Housing Corporation funding for schemes in Leicester for 2008-2011 was announced in early 2008. A significant amount of the funding available for 2008-2011 has yet to be allocated. Officers will continue to work closely with RSLs and developers to ensure that any sound potential bids are brought to the Homes and Communities Agency's Continuous Bidding Clinics and then progressed as strong bids for funding from the Homes and Communities Agency. (Bids for Homes and Communities Agency grant are more likely to gain funding if they are seen as 'value for money'. RSLs, therefore, will invest their own resources and any available 'recycled grant' to reduce the amount of new funding each bid seeks from the Homes and Communities Agency. For this reason, too, Local Authorities are encouraged by the Homes and Communities Agency to put in land at less than market value and/or local authority grant towards bids for Homes and Communities Agency funding. The Council has, in the past, invested in such schemes and may consider to do so again albeit at a cost to its capital programme.) By the end of November 2008, a further £1,284,175m had been confirmed for Leicester from the 2008-2011 funding available from the Homes and Communities Agency.
- 5.3.1 The Government has released significant additional monies via the Homes and Communities Agency as part of its response to the current credit crunch and housing market failure. Officers have been working closely with developers, Housing Associations and the Homes and Communities Agency

to explore any opportunities for built but unsold houses/flats to be sold “off the shelf” to Housing Associations as affordable housing. Between 1st April 2008 and 31st May 2009 , a total of 30 such “off the shelf” homes have already been bought by Housing Associations, subsidised by Homes and Communities Agency funding and are already meeting affordable housing needs in the City. Further opportunities for more “off the shelf” purchases are being explored. In more detail, the Housing Development Team has been:

- encouraging developers to work with housing associations (RSLs) to provide small sites (for up to 20 homes) for social rented housing. (RSLs are currently reluctant to invest in shared ownership homes due to lack of sales in existing shared ownership schemes, reflecting the mortgage market. The Homes and Communities Agency want to invest in mixed tenure schemes but will consider investment in such small fully social rented schemes.) The Team talk to developers about how RSL finance and approved funding can give them guaranteed and prompt sales which help the developer’s cash flow;
- encouraging RSLs to use this market opportunity to buy sites from developers. The RSLs may seek new planning permissions, if necessary, to provide an appropriate mix of housing;
- encouraging developers of Section 106/planning gain sites to sell homes that were for market sale to RSLs for affordable housing;
- asking the Homes and Communities Agency to consider funding the refurbishment of existing private housing. An example of this is a proposal to convert a house in multiple occupation into a large family affordable home in an area with a very high demand for large family homes;
- supporting RSLs’ interest in offering ‘Try before you buy’ options to prospective shared ownership purchasers. This allows the prospective purchaser to rent the property at an intermediate rent (about 80% of the market rent) for a number of years before deciding whether to buy it in the future when the availability of mortgages has improved. The sale price would be discounted to reflect the rent already paid on the property. (The Homes and Communities Agency has recently introduced this measure and call it ‘Rent to Buy’).

5.32 The Homes and Communities Agency’s response to the current market also includes a flexible approach on switching to intermediate rent, introducing HomeBuy Direct, working with the Government Office (CLG) to develop Mortgage Rescue and changing its bidding system to allow for continuous market engagement. And, for the first time, direct Homes and Communities Agency funding will be available to local authorities with existing stock, who will be able to qualify as development partners under its National Affordable Housing Programme. Other initiatives being considered by the Homes and Communities Agency include:

- revisiting the possibility of equity stakes;

- public sector purchase of land;
- different approaches to sharing risks.

5.33 **Continue to ensure all commuted sums received for affordable housing are invested:** In line with our Local Plan policy, the council has accepted financial payment in lieu of the on-site provision of affordable homes in exceptional circumstances. Up to 31.3.09, Leicester City Council had agreed a total of £5.97m of such 'commuted sums' for affordable housing provision. The due date for such payments is triggered by specified stages in the development of the site they are linked to. We have a very good track record of securing and spending all affordable housing commuted sums once owed to and received by the council. To date, we have received payments for a total of £2.8m worth of commuted sums for affordable housing and this has all been spent to secure additional affordable homes in the city. At present, the council is owed £158,600 worth of commuted sums for affordable housing and is currently seeking its payment. The remaining £3.002m worth of agreed commuted sums for affordable housing is not yet due for payment and will only become due for payment once specified stages (triggers) have been reached on the development sites they are linked to.

Respond to new subsidy opportunities:

5.34 In addition to the monies released for 'off the shelf' purchases, the Government has recently launched several other initiatives which officers have and are strategically exploring to establish what the benefits could be for Leicester, including for affordable housing. These initiatives include:

- ~ Local Housing Companies;
- ~ PFI credits;
- ~ Eco-towns;
- ~ Homes and Communities Agency grant becoming directly available to Councils.

5.35 We were unsuccessful in our recent 'Expression of Interest' PFI bid for 600 new affordable homes including two Extra Care schemes.

5.36 Officers had been liaising with the proposers (The Co-op) of the 'Pennbury' Eco Town in the Harborough district, which was unsuccessful in the Government's recently announced shortlist, to establish what impact this proposed new development would have had on Leicester City and its regeneration and had explored the Co-op's proposed 'pledge' for Leicester and what it might have meant for affordable housing supply in the City (for example, a possible off-site affordable housing contribution).

5.37 In September 2009, the Government announced that Leicester's bid to build 90 new Council homes has been approved and will be supported from round one of the Government's funding competition for Council house building. Officers are working up an additional submission for round two, to be submitted by 31st October 2009.

6. Delivery Plan

6. Our Delivery Plan

6.1 Whilst concentrating on the three major ways to increase our affordable housing supply as set out above (Working with partners to make best use of negotiation skills and planning powers, Optimising affordable housing outcomes from LCC land and property disposals and Maximising the amount of capital funding/subsidy for affordable housing), our approach, generally, will also seek to:

- Adapt our approach to take into account the Housing Market Crisis;
- Maximise support and subsidy received from the New Homes and Communities Agency (HCA);
- Identify and pursue new sources of subsidy for the City for example 'Kick Start' funding, for stalled market sites which may include an element of affordable housing. ;
- Adopt new ways of working with the private sector (project management, early contact between developer and housing associations);
- Strategically assess the new options that Government is developing for Council's own land (Local Housing Companies, Housing Corporation grant becoming available to Councils);
- Ensure Leicester makes best use of the range of new "products" from the Homes and Communities Agency, which will subsidise home purchase for low income families;
- Ensure that we seek to gain the size and type of affordable housing (plus any required support) that the City requires;
- Reassess the contribution of the private rented sector in meeting affordable housing need, in particular the impact of the new Local Housing Allowances;
- Continue to explore cross boundary working to achieve our target outcomes through the newly formed Housing, Planning and Infrastructure Group, which is a Strategy and Performance Group supporting the Leicester and Leicestershire Economic Development Leadership Board;
- Review the need for major works on our own stock once Decent Homes Standards have been achieved (by 2010);
- Liaise with the Homes and Communities Agency and the Leicester Skills Council to maximise opportunities to develop skills and jobs in the city via investment in affordable housing.

- 6.2 We have set up an Affordable Housing Programme Board to oversee this work and ensure that the affordable housing that the City Council enables meets the evidenced needs in the City. The Board reports to the Planning for People Not Cars Partnership, on progress in meeting the LAA target and to other Delivery Groups, as required, on meeting the needs of the groups in the city in need of affordable housing.
- 6.3 Our Delivery plan to achieve more affordable housing in Leicester is set out within the accompanying document.

APPENDICES

Planning Policy Statement 3 (PPS3) Published 29 November, 2006.

Affordable housing

Affordable housing is:

‘Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision’.

Social rented housing is:

‘Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. 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 local authority or with the Housing Corporation as a condition of grant.’

Intermediate affordable housing is:

‘Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (eg HomeBuy), other low cost homes for sale and intermediate rent.’

These definitions replace guidance given in *Planning Policy Guidance Note 3: Housing (PPG3)* and *DETR Circular 6/98 Planning and Affordable Housing*.

The definition does not exclude homes provided by private sector bodies or provided without grant funding. Where such homes meet the definition above, they may be considered, for planning purposes, as affordable housing. Whereas, those homes that do not meet the definition, for example, ‘low cost market’ housing, may not be considered, for planning purposes, as affordable housing.

There is further guidance on eligibility for affordable housing, recycling of subsidy, specific features of social rented and intermediate affordable housing and the application of the affordable housing definition, in particular with regard to the extent to which non-grant funded and private sector low cost housing products meet the definition in the Affordable Housing Policy Statement.

Annex B: Definitions

26 PLANNING POLICY STATEMENT 3 | Annex B

The terms ‘affordability’ and ‘affordable housing’ have different meanings. ‘Affordability’ is a measure of whether housing may be afforded by certain groups of households. ‘Affordable housing’ refers to particular products outside the main housing market.

Supply and Demand of Council and Housing Association Homes in Leicester

A Comparison of Current Housing Demand 1st April 2009 with Council Lettings and Nominations to Housing Associations in the period April 2008 to March 2009

Publication date 29th April 2009

Likelihood of renting a Council or Housing Association home via the Housing Register

Key



- Good **G** *In the last 12 months as many (or more) households were rehoused as there are now in your points band & with your bed eligibility*
- Possible 2-4 *You have a '1 in 2' to '1 in 4' likelihood of rehousing if supply is the same as in the last 12 months*
- Unlikely 5-14 *You only have a '1 in 5' to '1 in 14' likelihood of rehousing if supply is the same as in the last 12 months*
- Most Unlikely 15+ *There were very few lettings to people with your requirements in the last 12 months*
- No Lettings **NL** *There were no lettings to people in your situation in the last 12 months*

Your Points on the Housing Register	Bedrooms						
	1	2	3	4	5	6	7+
29-149	5	36	147	34	NL	NL	NL
150-194	G	63	2	4	NL	NL	NL
195-249	G	G	G	6	14	NL	NL
250-499	G	G	G	2	10	8	NL
500 +	2	G	G	G	G	3	NL

What Does This Mean?

If you have, for example, a 1 in 4 likelihood of rehousing this means there are 3 other applicants in a similar situation for every available letting. *It does not mean that if you wait for four years you are bound to get an offer.*

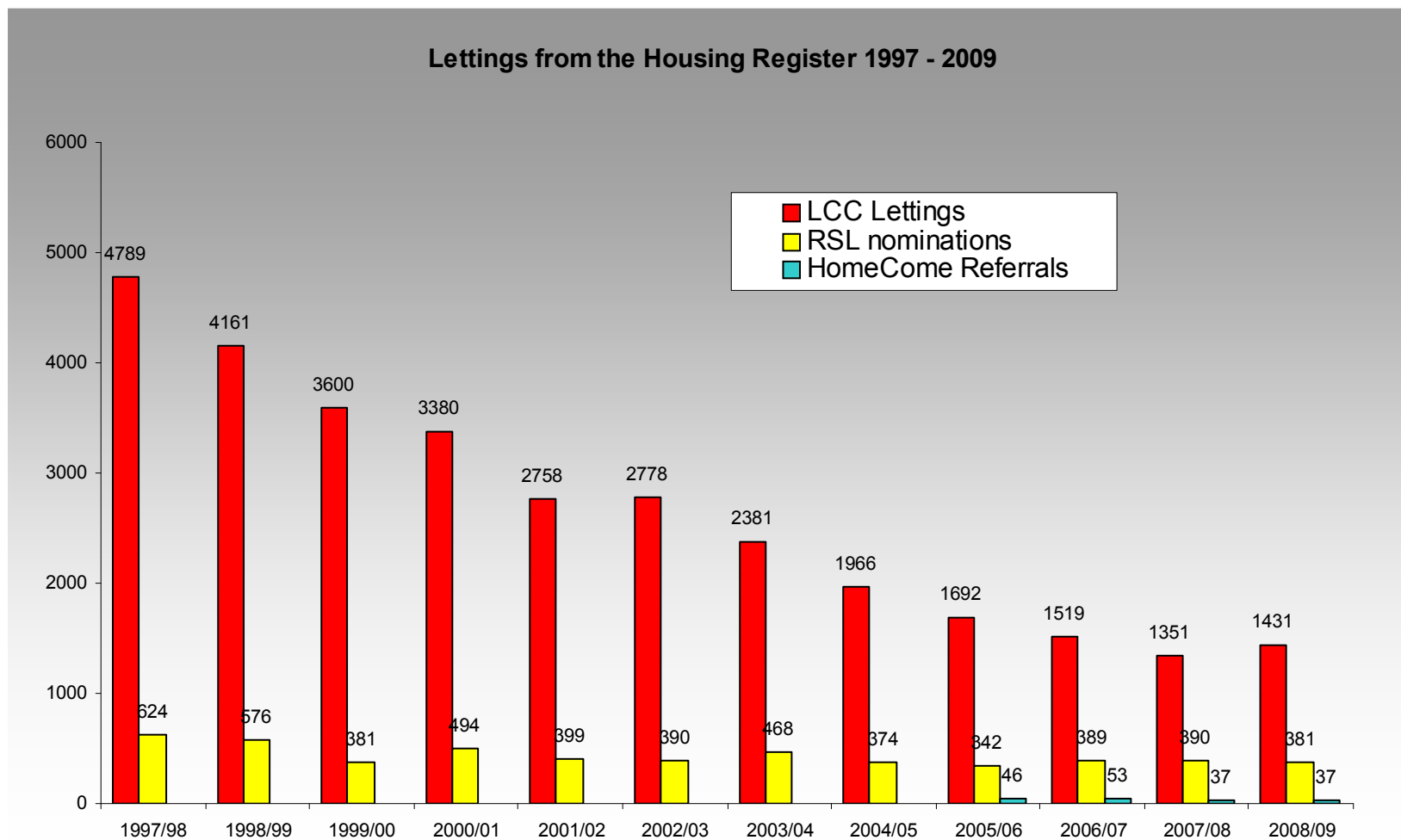
Offers are always made to the eligible person on the list with the most points when the property becomes available.

What Can I Do?

- Select the maximum number of areas of the City that you can.
- Select as many property types (e.g. Flat, House, Maisonette) as you can, and agree to be nominated to Housing Association properties, as well as asking for offers of a Council home.
- Read the Accommodation Guide to see where we have the properties of the type you need.
- Consider if you can accept one less bedroom, particularly if you require a larger property.

If you want to add areas to your application call in at the Housing Options Centre at Phoenix House, or telephone us:

Housing Options Centre, Phoenix House, 1 King Street, Leicester LE1 6RN telephone 0116 252 8707



Who produces affordable housing?

Affordable housing is currently provided by HomeCome and through partnership working between Housing Associations, the Council, the Housing Corporation, landowners and private developers. Table 1 shows the achievements over the last 4 years.

The table is categorised to show the 'initial catalyst'. In reality, schemes will come about because stakeholders are working together. The Housing Corporation paid grant on nearly all schemes apart from HomeCome and Braunstone 6 Streets schemes.

For this purpose a Housing Association is shown as the 'catalyst' if they bought the land privately (e.g. Sanvey Gate). The 'planning system' is shown as the catalyst where the initial proposal came from a private proposal e.g. Marconi site, Blackbird Road. If the Adults & Housing Department or other department sold the land this is shown as the initial catalyst. HomeCome is a Council funded initiative which raises private finance towards its activities.

Table 1: Affordable Housing Completions 04/08 by Lead Catalyst

Lead Catalyst	Affordable Housing Completions							
	04/05		05/06		06/07		07/08	
	ALL	LFHs*	ALL	LFHs*	ALL	LFHs*	ALL	LFHs*
Housing Association led	53	3	67	5	146	1	74	16
Planning system/private developer led	42	9	34	17	50	8	61	20
HomeCome	15	1	39	22	39	26	25	16
Sale of Housing Department owned land	4	2	0	0	0	0	0	0
Sale of Council houses	6	0	12	2	8	4	0	0
Sale of other Council assets	0	0	0	0	0	0	59	0
Braunstone 6 Streets	93	4	0	0	0	0	0	0
Totals	213	19	152	46	243	39	219	52

* LFHs = large family homes (i.e. those having at least four bedrooms)

Sources: Housing Development Records.

Produced by:

Julia Keeling
Housing Development Team
December 2008

H09. AFFORDABLE HOUSING

Affordable Housing in this Plan is as defined in paragraphs 6.37 and 6.38.

The City Council will seek at least 30% affordable housing on developments of 25 or more dwellings, or at least 1 hectare or more outside the Strategic Regeneration Area.

The Council will seek to achieve an overall target of 30% of new dwellings to be affordable within the Strategic Regeneration Area, which is recognised as a priority investment area.

The onus will be on the housing developer to demonstrate, to the satisfaction of the local planning authority, why any targets may not be met – the presumption will be that the affordable housing created in the development of a site will be provided on-site.

In exceptional circumstances the City Council may approve an element of affordable housing to be provided elsewhere than on the application site. The basis of calculating the commuted sum to represent this 'off site' provision is the amount of public subsidy which a Registered Social Landlord would require to provide the affordable housing. This sum will be reviewed annually in line with RSL grant rates.

Affordable Housing

6.36. The Government's Circular 6/98 and PPG3 state that a community's need for affordable housing is a material planning consideration which may properly be taken into account in formulating development plan policies and deciding planning applications. Leicester's 2002 Housing Needs Survey concluded that there is a requirement to provide an additional 635 affordable dwellings per annum if all housing needs are to be met. The survey suggests that current low-cost market housing cannot meet any affordable housing need whilst shared ownership might be able to help some of the households in need - for the remainder, only social rented housing will be of any use. In terms of house size, the survey demonstrates that the greatest need is for affordable dwellings for rent with four or more bedrooms and two-bedroom affordable rented homes. An update of the survey was undertaken during 2003 which indicates an annual need for 546 affordable homes.

6.37. Affordable housing will consist of:

- a) Social housing provided by a Registered Social Landlord or local authority – allocating accommodation on the basis of need. While such dwellings will normally be made available for rent, they may also include subsidised low-cost home ownership, where a RSL or local authority retains a continuing interest.
- b) Low-cost market housing (usually, though not exclusively, through a private house builder), providing that:
 - i) such housing requires weekly outgoings at levels appreciably below the minimum cost of local market housing, and, linked to earnings in the City area: (levels/details to be determined by updated Housing Needs survey data currently available), and
 - ii) such housing should be available, both initially and for subsequent occupancy, only to those with a demonstrable housing need or restriction in their ability to acquire property at open market values.

6.38. In terms of affordability, Leicester's Housing Needs Survey implies that for rent to be affordable it should not take up more than 30% of a household's net income and for a mortgage to be affordable, a household's gross income should be more than one third of its mortgage requirement.

6.39. Based on identified local housing needs, the City Council considers that at least 30% of new housing provision in the Plan area should comprise affordable homes. Therefore, the Council expects at least 30% affordable housing on sites with a minimum size threshold of 1.0 hectare or 25 dwellings. Applicants cannot expect the City Council to depart from this policy unless they can demonstrate that the particular physical and environmental constraints of a site, or other plan requirements, would make the provision of affordable housing unviable. The mix of tenure and property type of the affordable housing requirement will be informed by the 2003 update of the Housing Needs Survey. It is envisaged that a future supplementary planning document on Affordable Housing will keep the requirement timely and appropriate, based on updates to the Needs Survey. The current required tenure mix of the affordable housing element is 91% rent and 9% shared-ownership, and there is a longstanding need for large family homes (i.e. those with at least 4 bedrooms). The 2003 Housing Needs Survey update indicates that 61% of the affordable housing requirement is for large family homes.

6.40. In October 2003 the City Council approved Guidelines for housing developers on the provision of affordable housing in the Leicester Regeneration Company Area. Within the Strategic Regeneration Area these Guidelines set an overall target of 30% of new homes to be affordable as defined in the Local Plan. The Guidelines outline the proposed partnership arrangements with RSLs regarding the delivery of affordable housing. They also refer to the Council's support towards future bids to the Housing Corporation

for funding half of any affordable housing requirement. Developers should therefore provide for the first 15% of the affordable housing requirement. Further detailed planning guidance on the location and distribution of proposed housing will be prepared.

6.41. The total Structure Plan housing requirement for Leicester for the period 1996 to 2016 is 19,000 dwellings. Applying the 30% target figure would therefore require about 5,700 affordable homes during the Plan period. About 54% (10,223) of the 19,000 target has already been committed (completions and permissions). Analysis of these existing commitments indicates that only about 14% of the dwellings built or approved at March 2004 are affordable housing units. Analysis of the housing allocations and additional urban capacity during the remaining Local Plan period suggests that at best only about 20% of the dwellings to be provided might be affordable homes. Further details are provided in Table 6.3 below.

Table 6.3: Affordable Housing Requirements & Supply: 1996 – 2016

	Total housing supply:	Total affordable housing:
i. all completions 1996-2004	5,170	838 (16%)
ii. permissions (large sites) 3/04	5,053	619 (12%)
<i>Sub-total: i & ii</i>	<i>10,223</i>	<i>1,457 (14%)</i>
iii. housing allocations	3,570	1,020 (29%)
iv. additional urban capacity	4,000	600 (15%)
<i>Sub-total iii, & iv</i>	<i>7,570</i>	<i>1,620 (21%)</i>
TOTAL	17,793	3,077 (17%)

6.42. Overall provision of affordable homes during the remaining Plan period could provide approximately 2,240 affordable homes or 200 per annum for the next 12 years. This falls drastically short of the annual requirement for an additional 546 affordable homes demonstrated by the 2003 update of the Housing Needs Survey. It is therefore imperative that each residential development proposal, which meets the site size threshold in policy H09, optimises its contribution towards the increasing shortfall in the City's affordable housing supply. The presumption will be that each development is able to meet the 30% target. Indicative affordable housing targets for allocated housing sites are set out in Table 6.4. Any future proposals for residential or mixed development on windfall sites that meet the site size threshold will be assessed against this policy.

6.43. The Council's policy is to make applicants aware of the affordable housing policy requirements at the earliest possible stage. At an outline planning application stage at least 30% affordable housing will be sought. The number and type of affordable housing units sought within any particular development will be negotiated at or immediately prior to the full or reserved matters planning application stage in order to agree a suitable housing mix in line with the needs of the City. Such detail will include the number, house type, mix, required Lifetime Homes/wheelchair standards, other minimum build standards (e.g. Housing Corporation's Scheme Development Standards), location, delivery/phasing of supply, etc. The affordable housing sought will reflect the Council's assessment of how each site can best contribute to meeting Leicester's affordable housing need through its analysis of the Housing Needs Survey, the Council's Adapted Housing Database, the Council's Accommodation Guides and the nature/characteristics of the site and its locality.

6.44. All affordable housing provision should remain as affordable housing in perpetuity. The City Council will seek to secure the provision through planning conditions and/or Section 106 Agreements. The City Council will be pleased to advise on suitable RSL partner(s) and expect to jointly select RSL partner(s) with the developer/land-owner. There will continue to be a presumption against supporting any bids by RSLs for Affordable Housing Grant on sites where affordable housing is a planning requirement, unless the Local Authority has approved the targeting of public subsidy to certain sites to achieve strategic housing priorities. In terms of appearance, design and quality the affordable housing dwellings should be indistinguishable from the market sale dwellings/non-'affordable housing'. In order to encourage a better social mix, the affordable element should be distributed throughout the entire development, ideally still located within easy walking-distance of proposed bus-routes, shops and other facilities. The details of proposed housing mix and type will be negotiated and agreed with developers at the detailed planning application stage to take account of site suitability and individual scheme viability. The nature of this distribution in the Strategic Regeneration Area, whether of individual units throughout a scheme, or of floors or blocks within a scheme, will be determined in the light of the physical and housing management circumstances in each case.

Table 6.4: Affordable Housing Targets for Residential Developments (allocations and outline permissions at March 2004)

Site Location	Total Units (estimate)	Affordable Housing Target
Ashton Green*	1,500	450
North Hamilton**	900	226
Quakesick Valley Hamilton	300	90
East Hamilton	550	165
Manor Farm Hamilton	140	42
Towers Hospital	260	78
Lanesborough Road	80	24
Former St. Mary's allotments	100	30
Whittier Road allotments	120	36
Wycombe Road allotments	80	24
Blackbird Road Playing Fields	320	96
Bede Island South Phases 4 & 5	300	90
Bestway Site, Loughborough Road	140	42
Former Stadium, Filbert Street**	300	43
Total	5,090	1,436

* Ashton Green development is phased beyond Plan period (see policy H02)

** Affordable housing already agreed via planning conditions/S106 agreements.

Note: These affordable housing targets exclude provision already agreed on sites with detailed planning permission and any potential contribution from future windfall sites. Table 6.1 indicates that at least 4,000 dwellings are to be provided through additional urban capacity and an element of affordable housing will be negotiated on appropriate sites in accordance with policy H09.

6.45. Where the local planning authority considers that certain sites are suitable for inclusion of an element of affordable housing and an applicant does not make such provision as part of the proposed development, such a failure could justify the refusal of planning permission.

Appendix 6

List of sites which can contribute to new affordable housing supply 2008-2013 (as at 23.09.09). Target 992 by 2013.

Site Name/Address	Ward	2008-2009 Rent D	2008-2009 Inter D	2009-2010 Rent D	2009-2010 Rent C	2009-2010 Rent P	2009-2010 Inter D	2009-2010 Inter C	2009-2010 Inter P	2010-2011 Rent C	2010-2011 Rent P	2010-2011 Inter C	2010-2011 Inter P	2011-2012 Rent C	2011-2012 Rent P	2011-2012 Inter C	2011-2012 Inter P	2012-2013 Rent C	2012-2013 Rent P	2012-2013 Inter C	2012-2013 Inter P	
Leicester City Council Sites																						
HRA Sites:																						
Strasbourg Drive/Bishopdale Rd	BL				16			24														
Braunstone Batch 3	BR&R														8		2		24			6
Future Batches	HRA CW														15		5		15			5
Heather Road LA NB 1	FR									10												
Godstow Walk LA NB 1	CO									35												
Hamelin Road LANB 2	BR&R														10							
Saffron Depot LA NB 2	FR														9							
Humberstone HIL	HH														18							
Batch 1 HRA Sites	CW				43																	
Non-HRA Site:																						
Blackbird Road Playing Fields	BL																		15			5
Whittier Road Allotments	FM										27		9						11			4
Laburnum Road LA NB 2	HH														30							
Queensmead School	BF														9		3		9			3
Bendbow Rise	BF										17		6									
Tilling Rd LA NB 2	BL														22							
Mundella School LA NB 1	CW									48												
Bonney Road LA NB 2	NP														23							
Saffron Velodrome Site	FM										23		7									
Ashton Green	BL														22		8		33			12
Manor Farm Hamilton	HH										34		11									
East Hamilton	HH														11		4		11			4

Site Name/Address	Ward	2008-2009 Rent D	2008-2009 Inter D	2009-2010 Rent D	2009-2010 Rent C	2009-2010 Rent P	2009-2010 Inter D	2009-2010 Inter C	2009-2010 Inter P	2010-2011 Rent C	2010-2011 Rent P	2010-2011 Inter C	2010-2011 Inter P	2011-2012 Rent C	2011-2012 Rent P	2011-2012 Inter C	2011-2012 Inter P	2012-2013 Rent C	2012-2013 Rent P	2012-2013 Inter C	2012-2013 Inter P
Conduit Street	CA																		60		
Knighton Fields Road West	CA									10											
Advance (HOLD)	CW							16													
Health Homes	CW														16						
Private Sites:																					
Aylestone Road Sports Ground	CA														14		3		14		3
College Hall	KN																		7		
Parker Drive/Menzies Road	AB														9		1		7		
Heyford Road adjacent 48	BF												10								
Bestway, Loughborough Rd	RM														16				10		2
211-213 Humberstone Lane	RM										17		2								5
Gipsy Lane, Towers Hospital	HH				10			4													
Hamilton:																					
North Hamilton Phases 7 & 8	HH				7																
North Hamilton Phases 7 & 8 (Bloor Homes)	HH				2	7				5		3									
Private Sites - Leicester Regeneration Area																					
Abbey Meadows:																					
Wolsey Island (remainder)	AB														11		4		11		4
39 Abbey Park Road (S106) (Morris Homes)	AB																		13		1
Abbey Meadows BUSM site	LA									43		17		44		15					
Waterside:																					
St George's New Community:																					
4 Wheat Street	CA																		1		
40 Wharf Street South	CA							5													

Site Name/Address	Ward	2008-2009 Rent D	2008-2009 Inter D	2009-2010 Rent D	2009-2010 Rent C	2009-2010 Rent P	2009-2010 Inter D	2009-2010 Inter C	2009-2010 Inter P	2010-2011 Rent C	2010-2011 Rent P	2010-2011 Inter C	2010-2011 Inter P	2011-2012 Rent C	2011-2012 Rent P	2011-2012 Inter C	2011-2012 Inter P	2012-2013 Rent C	2012-2013 Rent P	2012-2013 Inter C	2012-2013 Inter P
St George's South Cultural Quarter:																					
Midland Street, Morledge St, Burton St	CA				2			3													
Queen Street Spa Building	CA														2						
Shires West	CA					24															
Rest of LRC Area:																					
46 Western Road	WC																				
Bede Island South (Phase 4)	WC																				
Former Filbert Street Stadium	CA																			12	7
Canning Place, Leeson Building	AB																				
Abbey Park Street, Sangra & Shonki Building	LA									62		5		35							
Site Name/address Delivered acquisitions of market homes																					
Total Sites		56	76	8	80	31	21	52	0	213	118	25	45	79	245	15	30	0	253	0	61

Key:
 CW = City Wide
 D = Delivered homes completed
 C = Committed - a scheme with funding secured for affordable housing and/or on site.
 P = Proposed
 Inter = Intermediate

Summary of delivered, committed and proposed affordable housing units projected from 2008-2013, against the Target 992, as at 23.09.09

Delivered	161
Committed	464
Proposed	783
TOTAL	1,408