

HOUSING REVIEW: CURRENT POSITION

Executive Summary

Overview and Scrutiny Committee have included a Housing Review as a key item on their work programme for 2020/21. It is anticipated that the Review will be split over three sessions, running from September 2020 to November 2020. This report contains information and analysis in relation to “Session 2: Housing Delivery”, providing context in policy terms on the delivery of affordable housing in the Borough, together with information on the number of affordable homes provided to date and an estimate of future delivery in the medium term. The remaining session will cover Future Housing Strategy.

This report follows on from Session 1 which evidenced significant affordable housing need within Woking Borough. Session 2 highlights the difficulties being encountered in addressing this need, while also providing examples of how the Council is actively addressing its statutory duty relating to homelessness and working towards greater increases in affordable housing provision.

Recommendations

The Committee notes the report.

The Committee has the authority to determine the recommendation(s) set out above.

Background Papers: None.

Reporting Person: Jon Herbert, Strategic Housing and Development Manager
Email: jon.herbert@woking.gov.uk, Extn: 3546

Contact Person: Jon Herbert, Strategic Housing and Development Manager
Email: jon.herbert@woking.gov.uk, Extn: 3546

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1.0 Introduction

- 1.1 Overview and Scrutiny Committee have included a Housing Review as a key item on their work programme for 2020/21. It is anticipated that the Review will be split over three sessions, running from September 2020 to November 2020.
- 1.2 This report contains information and analysis in relation to “Session 1: Housing Delivery”. This session will look at the following:
 - context in policy terms on the delivery of affordable housing in the Borough, together with information on the number of affordable homes provided to date and an estimate of future delivery in the medium term.
 - the contribution of the Council’s Let’s Rent scheme (private sector rented housing) and Thameswey Housing Ltd (THL) to meeting affordable housing needs. The barriers to the delivery of affordable housing are also covered, including the viability issues with regard to developer contributions (Section 106 agreements).
 - updates on progress on various housing projects, including the Housing Infrastructure Fund (HIF) project and the Sheerwater Regeneration programme.
- 1.3 The remaining session will cover Future Housing Strategy.

2.0 Affordable Housing Policies

- 2.1 The Woking Core Strategy (2012) Policy CS12 sets out the parameters for the delivery of affordable housing in the Borough, including the overall delivery target over the Plan (to 2026) of 1,737 new affordable homes.
- 2.2 This equates to an annual target of 102 dwellings per annum. This figure is used in the Council’s “Green Book” of performance management and returns are reported on a monthly basis.
- 2.3 Policy CS12 also provides guidance on the preferred mix for the delivery of affordable homes based upon the work undertaken through the West Surrey Strategic Housing Assessment (SHMAA) from 2009.
- 2.4 A provision target of 70% Affordable/Social Rent properties and 30% of affordable properties for Intermediate market (Low Cost Home Ownership such as Shared Ownership and Discount Market Sale, and Intermediate Rent) was set, based on the housing needs analysis.
- 2.5 The SHMA was updated in 2015 and suggested a tenure mix for the Borough of 74% Social/Affordable dwellings and 26% Intermediate new dwellings was needed.
- 2.6 The Council adopted a Supplementary Planning Document on Affordable Housing Delivery in 2014. This provides further guidance on matters such as developer contributions through Section 106 Agreements (the basis for the calculation of commuted sums in lieu of on-site Affordable housing provision), the definition of Greenfield sites where a higher provision of affordable homes (50%) is required and clawback (overage) provisions in S106 Agreements where affordable housing requirements have not been met.

3.0 Affordable Housing Delivery

- 3.1 To date, since the adoption of the Core Strategy, affordable housing delivery in the Borough has resulted in the provision of 581 affordable dwellings comprising 320 Affordable/Social Rent dwellings and 261 Intermediate dwellings. The latter figure includes the contribution from Thameswey Housing Ltd through their own developments and the purchase of street properties.

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3.2 The table below breaks down all affordable housing delivered in the last 5 years by delivery method and year:

	S106	THL	PFI	RP	WBC
2015/16	10	36	102	12	
2016/17	29	54	114		
2017/18	25	24			
2018/19	25	11			14
2019/20		14			8
Totals	89	139	216	12	22

3.3 The table below summarises total housing delivery set against affordable housing delivery (new build only, excludes acquisitions):

Total Residential Properties Completed				
Year	Residential Properties Target	Dwellings	Affordable Housing Target	Affordable Housing
2010/11	292	146	102	31
2011/12	292	175	102	3
2012/13	292	273	102	0
2013/14	292	370	102	14
2014/15	292	66	102	8
2015/16	292	360	102	126
2016/17	292	399	102	173
2017/18	292	345	102	54
2018/19	292	231	102	37
2019/20	292	303	102	19
2020/21	292	77	102	6
Cumulative Total	3212	2745	1122	471

3.4 An estimate of the projected affordable housing completions for the next 5 years (to 2024/25) has been made using knowledge of pipeline schemes that either have planning permission already, or are in the process of being brought forward for planning in the near future. Although there are a number of other schemes in the pipeline beyond this period that may provide more affordable homes, only schemes where there is a reasonable degree of confidence of delivery have been included in the figures below.

3.5 A total of 436 projected new units has been estimated comprising 345 Social/Affordable Rented Units and 91 Shared Ownership/Discount Sale dwellings. The unit breakdown comprises 253 x 1 bedroomed dwellings; 144 x 2 bedroomed dwellings; 22 x 3 bedroomed dwellings; and 17 x 4 bedroomed dwellings. The profile of this delivery by year is included in the table below:

Year	Affordable Housing Delivery Forecast
2020/21	18
2021/22	264
2022/23	54
2023/24	75

1. Project Updates

Sheerwater Regeneration

- 3.6 The regeneration of Sheerwater will deliver housing of mixed tenure with a range of property types and sizes to create a wider choice of homes within Sheerwater, coupled with a net gain in affordable housing, and improved space and amenity standards.
- 3.7 It will involve the demolition of 573 residential units, non-residential buildings and sports facilities, and a phased delivery of 1,142 new high quality residential units. 523 (46%) of the residential units will be affordable, to be let at the equivalent of social rent.
- 3.8 The housing development will be underpinned by enhanced retail, employment and training opportunities, as well as social, health, recreation, sports, and leisure provision.
- 3.9 After the first hybrid consent for the regeneration of Sheerwater, achieved by New Vision Homes in July 2016, Thamesway was asked by the Council to increase the total number of units by 20%, to revise the housing mix, and to increase the amount and quality of open space. The resulting hybrid planning application successfully achieved planning consent in April 2019, and work commenced on site on 22 July 2019. The phased development over a 70 month construction programme has a target completion date of July 2025.
- 3.10 This phased 6-year build programme is intended to allow all residents who wish to remain in Sheerwater, the opportunity to do so. The phasing also seeks to ensure that existing properties and buildings are not demolished until re-provision is complete; preserving the continuity of the community facilities, open space, green space and leisure space.
- 3.11 To date, a total of 181 secure tenants living in the regeneration area have been found alternative accommodation and received compensation (home loss and disturbance payments) as set out in the Community Charter. There are 135 secure tenants still living within the later phases of the development for whom we will have to find suitable alternative accommodation or who will move into the new Sheerwater homes.
- 3.12 The Leisure Phase is also under construction within the grounds of Bishop David Brown School. It is on programme to be completed by July 2021. This did not require the demolition of any homes.
- 3.13 The first residential phase (Purple) opposite Asda, currently under construction, required the demolition of 20 existing homes, most of which were privately owned and were acquired voluntarily by the Council. Only 2 properties housed WBC secure tenants, who were found suitable alternative accommodation. The medium rise development incorporating Murray Green will comprise of 10 three-storey town houses and 82 one, two and three bedroom apartments contained in a 6 storey apartment block. Of the 92 dwellings, 46 will be let at

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social/affordable rent and 46 will be private. These affordable units will be available to relocate secure tenants still living within the regeneration area who would like to remain in Sheerwater. The Purple phase is on programme to be completed by May 2021.

- 3.14 The next residential phase will be the Red phase that will start on site in February 2021. This phase will comprise of 124 dwellings, of which 107 will be affordable (including 68 sheltered apartments for older people). There remain two secure tenants that are yet to be moved.
- 3.15 The start on site of the Yellow phase will follow the completion of the Purple phase in July 2021 and will require the demolition of 50 properties. The Yellow phase will deliver a total of 125 dwellings of which 59 will be affordable. There remain 11 secure council tenants to be rehoused.
- 3.16 At its meeting on 30 July 2020, the Council approved the making of a Compulsory Purchase Order (CPO), which will be made this month (September), to acquire any remaining interests the within the regeneration area, including rights, easements, and covenants. A CPO will also include any land in unknown ownership, which needs to be compulsorily acquired to facilitate the delivery of the Scheme.

Housing Infrastructure Fund (HIF)

- 3.17 The HIF grant of £95 million from central Government agency, Homes England, will finance the Victoria Arch scheme, the total cost of which is £115 million. This significant grant is the driving force set to deliver enhanced highways, pedestrian and rail links for Woking town centre and approximately 4,500 new homes.
- 3.18 Once the scheme has been delivered, 13 brownfield development sites within Woking town centre will be unlocked by the improved highways infrastructure. Provision of this public money will provide significant benefits for the town centre. This includes the delivery of affordable housing.
- 3.19 The Highways works are anticipated to start in late 2021 and conclude in early 2024. The bridge works are anticipated to start in spring 2022 and conclude in early 2024.

Hale End Court (Old Woking Independent Living)

- 3.20 This new Extra Care Housing scheme is under development due to high demand for independent living units in Woking. Brockhill, the Council's existing scheme, is oversubscribed and has a long waiting list. The completed scheme will be owned by the Council and sit within the Housing Revenue Account (HRA).
- 3.21 The scheme consists of 45 x 1 bed units and 3 x 2 bed units, with a communal kitchen, living room, dining room and salon facilities, mobility scooter charging ports, staff break out areas and offices, and associated bin storage, access, parking and landscaping.
- 3.22 Work onsite began at the end of July 2020 and is expected to complete in October 2021.
- 3.23 The Council bid for £1.97 million of grant funding through Homes England's Affordable Housing Programme and has been advised informally that this bid has been successful.

Bonsey Lane Garage development

- 3.24 A small development of 7 apartments (1 x 1-bedroom, 5 x 2-bedroom and 1 x 3-bedroom dwellings) on the disused garage site in Bonsey Lane is proposed with the planning application due to be submitted imminently.

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- 3.25 If approved, the rent for these will all be set at Social Rent levels and be owned and let by the Council. They will therefore help to house applicants from the Council's Housing Register.
- 3.26 The Council is likely to bid for further Homes England grant to support this development.

Broadoaks, West Byfleet

- 3.27 This scheme is part of a private development and has been secured through the Section 106 process. It will provide 54 affordable one and two bedroomed flats (comprising 36 flats at Affordable Rent and 18 Shared Ownership dwellings).
- 3.28 The developer, Octagon, has now commenced with this development and is required under the s106 Agreement to sell the affordable units to PA Housing Association.
- 3.29 It is expected to take approximately 2 years to complete the development due to the large amount of infrastructure works required for the whole site.

Portugal Road

- 3.30 Radian Housing Association have secured a planning consent to redevelop the Parrington Autos garage site and the "Lok N Store" premises into 72 dwellings. The proposals comprise 21 flats at Affordable Rent on the Parrington Autos site, and 8 flats for Shared Ownership on the "Lok N Store" site opposite.
- 3.31 Radian have stated that they are hoping to switch the 43 approved market dwellings on the "Lok N Store" site to all Shared Ownership, subject to further Homes England funding, which would give 54 Shared Ownership dwellings in total.

Other Developments

- 3.32 A planning application has been submitted for 26 affordable dwellings at Monument Way, Woking, comprising 18 x 1 bed, and 8 x 2 bed flats all at Intermediate Rent.
- 3.33 A revised planning application for the development of 4 flats at Rydens Way/Sundridge Road has been submitted by William Lacey, including nearby parking provision. The 4 flats would go into the HRA and be provided as social rented Council homes.
- 3.34 Crown Simmons Housing Association have been granted planning permission for 2 additional flats at the existing development at Castlemaine Court, Byfleet -. Works are due to commence shortly with completion in 2021.
- 3.35 Thamesway Housing hope to deliver additional affordable homes at Brookwood Lye (Five Acres) in the future.

Temporary Accommodation

- 3.36 Woking Borough Council (the Council) has a statutory duty to provide short-term emergency accommodation to any person applying as homeless whilst enquiries are made.
- 3.37 To enable the Council to provide good quality, local short-term accommodation to households facing homelessness in the Borough and reduce reliance on B&B's, Waterman House was acquired and is currently being converted into 22 self-contained temporary accommodation units with completion due in the Spring of 2021.
- 3.38 In addition, the Council's existing temporary accommodation schemes in York Road, Chertsey Road and Claremont Avenue were refurbished.

5. Barriers to Affordable Housing Delivery

- 3.39 The National Planning Policy Framework (NPPF) and National Planning Practice Guidance (NPPG) provide detailed guidance in respect of the delivery of affordable housing. The full definition of Affordable Housing as in the NPPF Glossary can be found as Appendix 1.
- 3.40 The threshold at which affordable housing may be required was increased to 10 or more units in the NPPF in 2016 which has impacted adversely on the ability of local authorities to achieve affordable housing on smaller sites.
- 3.41 The Woking Core Strategy requires all schemes of additional housing to provide a contribution to affordable housing, either on-site or as a commuted sum in lieu of on-site provision. Accordingly, the Council is now only able to negotiate affordable housing on sites of 10 or more units.
- 3.42 A recent communication to Chief Planning Officers of councils in August 2020 indicated the Government's intention to increase the 10 unit threshold to 40 or 50 units for 18 months as a response to the Covid-19 emergency's impact on the economy.
- 3.43 In addition to the above threshold change, it has become increasingly difficult for councils to negotiate affordable housing as developers have sought to use viability reports as a means of reducing or avoiding affordable housing commitments.
- 3.44 The NPPG in September 2019 set out in detail the key standardised inputs for assessing viability of housing schemes, and an expectation that "any viability assessment should be prepared on the basis that it will be made publicly available other than in exceptional circumstances. Even in those circumstances an executive summary should be made publicly available."
- 3.45 The use of viability reports has increased over the last few years as developers have sought to use this approach to justify non-policy compliant schemes. The Council has received a number of viability cases in recent years and uses independent viability consultants to interrogate the submitted developer viability reports focusing on the key issues of expected sales values (Gross Development Value - GDV), land value and likely build costs.
- 3.46 The developer pays for the independent viability assessment undertaken by the Council's consultants, though the consultants' report is issued and belongs to the Council. Where it is established that a scheme is not viable, the consultants will recommend that a clawback provision is included in any Section 106 agreement to ensure that any unexpected increase in GDV (overage) is able to be captured and a commuted sum provided to the Council for the provision of affordable housing elsewhere.
- 3.47 The recent Government White Paper "Planning for the Future" (August 2020) states the Government's intention to reform the Community Infrastructure Levy to include developer contributions for affordable housing provision, and replace Section 106 Agreements as well as how the proposed new Infrastructure Levy could provide on-site affordable housing. Further updates on the proposals in the White Paper in respect of the delivery of affordable housing will be reported to this Group as matters proceed through the consultation process later this year.
- 3.48 Where the Council seeks to deliver its own affordable housing developments, funding remains a challenge. The Housing Revenue Account (HRA) has very little capacity to finance more development. However, following the recent success with the Old Woking scheme, the Council is hoping to secure further Homes England grant funding where new affordable housing schemes are identified.

6. Private Rented Schemes

Let's Rent

- 3.49 Due to shortages in affordable housing, the Council introduced a private sector access scheme offer to supplement delivery, particularly to address homelessness needs.
- 3.50 Woking Borough Council reviewed its private sector access scheme offer in 2017 and introduced the Let's Rent scheme.
- 3.51 The Let's Rent service procures and supports tenancy sustainment for households that are homeless or threatened with homelessness. This remit has recently expanded to assist Rough Sleepers or those at risk of Rough Sleeping and the team now has a dedicated officer for this, as well as, an additional Lettings Officer. Let's Rent ensures that Woking Borough Council can discharge its homeless duties by procuring long term suitable accommodation. The service provides landlord incentives and advice and support to tenants and landlords.
- 3.52 The team (1 x Team Leader; 4 x Private Sector Lettings Officers, 1 of whom leads on Rough Sleepers; and 1 x Support Officer) aim to hold tenant training sessions later this year/early next year which will provide information on tenancy rights and responsibilities, welfare reform and cooking skills. This is to reassure landlords that we are referring suitable tenants and to give prospective tenants confidence and skills to sustain their own long term tenancy.
- 3.53 The team is working closely with Marketing and Communications to create regular social media posts and advertising the service in the local press. Landlord events are on hold due to the pandemic, but we are considering holding online seminars to educate landlords on recent legislative changes and promote the service. We are also working with local Letting Agents.
- 3.54 The benefit cap/affordability and recent changes to Section 21 notices are causes for concern. The potentially large volume of homelessness following opening of the courts for possession orders on 20 September 2020 is also a concern.
- 3.55 The tables below show the number of tenancies that have been secured through Let's Rent:

New and current tenancies by service:

	YTD	Total current
Connect	16	62
Core	27	104
Complete	10	44
Historical schemes	0	118
Total	53	328

Tenancies by landlord type:

	Private	Letting Agent	THL	HA
Connect	42	16	4	0
Core	17	59	22	6
Complete	40	0	4	0
Total	99	75	30	6

Tenancies by rent level:

	LHA	Above LHA	Below LHA
Connect	62	0	0
Core	6	61	37
Complete	42	0	2
Total	110	61	39

- 3.56 53 new tenancies have been secured so far in 2020/21 with a total of 210 active tenancies through the Let's Rent scheme. 14% of these tenancies are through Thamesway Housing and 71% are within the Local Housing Allowance (LHA).
- 3.57 The table below show the number of referrals that have been sent to the Let's Rent team and require properties:

Current number of referrals to Let's Rent by household size:

	Numbers	Known to be benefit capped	Property identified
Shared room	4	1	14
1 bed	26	8	
2 bed	23	11	2
3 bed	7	3	2
4 bed	1	0	0
Total	61	23	18

Thamesway Housing

- 3.58 Earn Your Deposit is a new scheme that helps Thamesway assured shorthold tenants buy their own home by giving them money towards a deposit.
- 3.59 Many people who rent dream of owning their own home, but saving the money for a deposit while paying rent every month can be a real challenge.
- 3.60 The Earn Your Deposit scheme solves this problem for Thamesway tenants by offering them a substantial financial contribution towards the deposit needed to buy a place of their own. Available to all 'good tenants' who pay their rent on time, look after their homes and respect their neighbours, the scheme enables tenants to 'earn' a monetary value each year - for example £2,400 for a two-bed property - towards a deposit for their first privately-owned home after a two year qualifying period.
- 3.61 The maximum deposit is capped at £80,000, which is a significant sum towards a property purchase. The scheme isn't available to investors or existing home owners.
- 3.62 To date, 4 tenants have purchased as a result of using the Earn Your Deposit scheme.

2. Conclusions

- 3.63 Session 1 showed a considerable affordable housing need within Woking Borough, while this report brings to the fore the challenges and obstacles facing us as we attempt to address this need. Successfully securing homes in the Private Rented Sector assists in meeting statutory homelessness duties, demonstrating that the Council have been proactive in this area and there are some high profile development projects in progress and in the pipeline. However, more affordable homes (particularly for social rent) need to be delivered over the coming years. The Council cannot solely rely on the Section 106 process to deliver these and therefore, it needs to optimise all land, funding and partnership opportunities.

REPORT ENDS