

Affordable Housing Strategy

1. Introduction

Provision of affordable housing is a priority for Bath & North East Somerset Council and for the residents of Bath & North East Somerset.

In November 2002, a questionnaire was distributed to members of the Bath & North East Somerset community via the Voice Box panel. 47% of respondents considered affordable decent housing important in making somewhere a good place to live. The same number felt that this was one of the issues that most needed improvement across the area. In both cases, only one issue – a low level of crime – was highlighted by a greater number of respondents.

The Bath & North East Somerset Housing Survey 2000 established, that approximately 1800 adults in the area have an average annual income of below £17,000. Currently, a first time buyer needs an average income of £45,000 a year to be able to afford to buy property in the area. Even with this substantial income, potential first time buyers can only access the lower end of the housing market in Bath & North East Somerset.

The question of what constitutes “affordable housing” has been the subject of much debate both nationally and locally. For the purposes of this Strategy, affordable housing is defined as:

“The range of both subsidised and market housing that will be available for those households whose income generally denies them the opportunity to purchase or rent houses on the open market as a result of the local relationship between income and market price”.

This definition also appears in Bath & North East Somerset’s Local Plan.

- 1.5 Housing Corporation guidelines are that no more than 30% of a household’s gross income should be spent on rent and/or mortgage costs. However, in Bath & North East Somerset there is significant local variation in average incomes and average house prices. Also, there can be significant additional housing costs related to some types of properties in Bath & North East Somerset. For example, flats in Georgian conversions tend to have high heating & maintenance costs; service charges; and Council tax payments. As far as is reasonably practicable, judgements about what is affordable will take account of the geographical and property-type related variations.
- 1.6 This Strategy outlines the need for affordable housing in Bath & North East Somerset referencing whether further, more detailed information can be found. The Strategy then goes on to set out the Council’s priorities for the delivery of affordable housing over the next five years; identifies the resources needed for delivering the Strategy and how those resources may be accessed.

- 1.7 This Strategy is intended both to co-ordinate and join-up the efforts and resources of the Council in delivering affordable housing and to inform and support bids for external funding.

2. Current Investment in Affordable Housing

- 2.1 In March 1999 Housing and Public Protection Committee approved the investment of £18 million in Local Authority Social Housing Grant (LASHG) to provide 600 affordable homes over 6 years.
- 2.2 The table below shows the total expenditure of Social Housing Grant

Financial Year	No of Housing Units		LASHG		HCSHG
	identified	completed	Approved bids	Spent	
1999/2000	143	60	3,624,381	742,411	
2000/2001	65	139	2,874,000	4,178,159	
2001/2002	97	92	3,688,000	3,502,000	
2002/2003	81	89	2,401,212	3,500,000	
<i>Sub Total</i>	<i>386</i>	<i>380</i>	<i>12,554,593</i>	<i>11,922,570</i>	
			Proposed bids		
2003/2004	155		5,000,000		
2004/2005	71		539,000		
Total	612		18,093,593		
Future 2006/08	185				

3. Supply Deficit

- 3.1 Despite this extensive development programme, the housing deficit is substantial.
- 3.2 Since the sale of the Council House Stock in 1999, 819 affordable homes have been lost through the Right to Buy up to the end of June 2003. In the financial year 2003/03 alone, 201 homes were lost through the Right to Buy.
- 3.3 The table below shows total numbers sold and capital Receipt under the Right to Buy Scheme since Transfer.

Financial Year	Units lost through Right to Buy	Capital Receipt
1999/2000	217	£3,034,293
2000/2001	179	£3,287,856
2001/2002	172	£4,222,761
2002/2003	201	£6,660,648
Total to end of 02/03	769	£17,205,558

- 3.4 If households continue to exercise their Right to Buy at a figure of 200 units each year, by 2010 an additional 1400 units will have been lost. This would bring the total number of social housing units lost through the Right to Buy since April 1999 to 2169, which represents a loss of approximately 17% of the social housing stock in Bath & North East Somerset since the 1991 Census. None of the capital receipt from the Right to Buy sales is currently ring fenced for investment in new affordable housing.
- 3.5 Increases in land, house and building costs mean that the grant required per unit of new housing needs to increase by 10% each year on current trends.
- 3.6 Fewer social housing units have become available to let in recent years. This is partly because the social housing stock is reducing but also because it has become increasingly difficult for households to move from the social housing sector into the private housing sector (either rented or owner-occupied).
- 3.7 High house prices have forced households out of the homeownership market.
- 3.8 People are living longer. The National Statistics Office reports that in the decade from 1991-2001 the number of people aged 85 and over rose by 22.85% in England and Wales and by 19.5% in Bath & North East Somerset.

4. Housing Need

4.1 Housing Survey 2000 – Summary of Conclusions

4.1.1 Suitability of Homes:

- 11.25% of all surveyed felt that their accommodation was not adequate for their needs
- 25% of those who thought the property inadequate said that it needed improvement or repair, (representing about 4,033 properties in all); over 25% (4099) said that it was too small; 12% (1,966) that it was too costly to heat
- 14% of households in the area contain someone with specific need, suggesting about 9,400 households in all
- 914 households contain someone who is a wheelchair user, but only 46% of households affected live in an adapted dwelling

4.1.2 Concealed Households:

- Around 2,295 households are living within another household (“concealed households”)
- 48% of these concealed households would like to become owner occupiers but 1,776 (60%) have annual incomes below £17,500 and could not afford even the cheapest property in the area, even where a reasonable supply is available
- 83% of concealed households expressed a preference for one or two bedroom property with 57% looking for a flat and 20% a terraced property

4.1.3 Existing Households Moving:

- 2,234 households want to move but cannot do so - 2,175 households are unable to afford a move and 1,069 cannot find a suitable property
- 5,550 households plan to move away from Bath & North East Somerset, 935 because of lack of affordable housing. The majority (2,687) are leaving because of employment reasons

4.2 The Council's Homeseekers Register (housing waiting list) indicates that 3071 applicants have a housing need.

4.2 Combined with those already on the Homeseekers Register and allowing for re-lets of existing social housing stock, it is estimated that the gap between the need for affordable housing and the supply of affordable housing to rent at 2006 will be 1,732 dwellings. In addition, another 935 households are planning to leave Bath & North East Somerset because of lack of affordable homes. Due to high house prices in the Area, this figure is expected to rise. *(This is further addressed in Section 6 'The Housing Market and Affordability')*

4.4 The highest population rise is in the age group from 45 to retirement, a total of 7,200 and there is evidence that Bath & North East Somerset has an ageing population (Neighbourhoodstatistics.gov.uk). This may be explained, in part, by the high house prices in the area, which may be forcing younger people who have not yet reached their full earning capacity to find housing in more affordable areas. The broader impact of this is increased pressure on transport networks as people travel to work in Bath & North East Somerset from surrounding areas. It also results in recruitment difficulties for some public and private sector employers.

4.5 A sub-regional Housing Markets Study is currently being carried out. This Study will update information on a housing need and aspirations across all housing tenures gathered for the 2000 Housing Survey. The Housing Markets Study, which will encompass Bath & North East Somerset, Bristol, South Gloucester and North Somerset and the travel to work areas for Bath, Bristol and Weston-Super-Mare, is due to report in draft form in December 2003 with a final report published in spring 2004.

5. The Housing Needs of Specific Groups

5.1 General Need Housing

5.1.1 The majority of housing applicants are below 40 years of age. These are predominantly single people, reliant on a single income and young families whose joint income is insufficient to enable them to enter into the private rented or home ownership housing market.

5.1.2 The South West Regional Planning Guidance highlights that Bath is a particular hotspot for higher than average house prices and lower than average income in the region. Although a Joseph Rowntree Foundation Survey suggests a significantly higher income than locally based surveys it is clear that for many households in the area their income is insufficient to enter the housing market. This creates particular difficulties for key workers and young people starting out.

5.2 Statutorily Homeless Households

5.2.1 Bath & North East Somerset's Homelessness Review and Strategy, published in August 2003, sets out in detail the current and future levels of homelessness, causes and an Action Plan to tackle homelessness.

5.2.2 A significant number of statutory homeless households are housed in stages and are, in the first instance, provided with temporary accommodation. In May 2003 the total numbers of accepted cases were 176, with 69 units of temporary accommodation provided by Bath Self Help Housing Association. There continues to be a shortage of suitable temporary accommodation households and, as a consequence, the Council does place homeless households in bed & breakfast accommodation. In May 2003 the Council was using approximately 10 different bed & breakfast establishments, providing 52 units of accommodation.

5.2.3 The Government has set a target that from March 2004 no families shall be housed in bed and breakfast accommodation, except in emergencies, and then for no longer than 6 weeks.

5.3 Older People

5.3.1 The focus on housing for older people has traditionally been on sheltered housing. However, there is a growing trend towards giving older people greater choice about where they live and how their care and support needs are met.

5.3.2 An increasing number of people prefer to remain in their own home whilst receiving care and support. At the same time, the number of people over 85 is rising and because of their greater frailty, including mental frailty, there is a need for more extra care housing schemes.

5.3.3 Provision of sheltered accommodation in Bath & North East Somerset is relatively high. There are 2246 sheltered housing units in Bath & North East Somerset. In addition there are a further 52 units of extra care sheltered housing, taking the overall total to 2298 units. The accommodation is mainly provided by Somer Community Housing Trust who have recently completed the second phase of a three year review of sheltered stock. This review has highlighted the lack of "fitness for purpose" and un-suitability of a number of sheltered schemes. Work is ongoing to address these issues in consultation with residents.

5.3.4 In order to meet the new building thresholds for Residential Care Homes required by the Care Standards Act 2000 the Council, in October 2001: *"authorised officers to commence the detailed planning for a programme of redevelopment and rebuilding of the Council's existing residential care service for older people"*.

5.3.5 On July 12th 2002, the Council Executive considered options for the re-provision of the Council's Elderly Persons Homes (EPHs). The Executive decided that the preferred model of care for consultation with residents, their families, staff and Trades Unions was the provision of three Elderly Persons Homes providing a total of 105 beds and 75 Extra care Units. Following consultation, the decision was reached in October 2002 to proceed with this model of care and to build three new EPHs on sites in Midsomer Norton, Keynsham and Bath. Additional extra care housing will also be provided in partnership with a partner Registered Social Landlord in these three locations.

5.4 Learning Difficulties

- 5.4.1 Demand for independent accommodation is increasing because carers are ageing and service users are living longer. Also, Valuing People emphasises the importance of increasing independence and choice for people with learning difficulties. To meet the rising need, some supported housing is required alongside schemes that help more people live in their own homes.
- 5.4.2 "People with learning disabilities are amongst the most vulnerable and socially excluded in our society. Very few have jobs, live in their own homes or have choice over who cares for them. This has to change: people with learning disabilities must no longer be marginalized or excluded. Valuing People sets out how the Government will provide new opportunities for children and adults with learning disabilities and their families to live full and independent lives as part of their local communities." (Executive Summary, 'Valuing people: A new strategy for learning disability for the twentieth century '), Dept. of Health, March 2001.
- 5.4.3 Currently there are 68 people with learning difficulties living as tenants in Bath and North East Somerset.
- 5.4.4 The demand for independent accommodation is increasing. Demographic data shows that the majority of people with learning difficulties live at home with their carers. Carers are ageing and service users are living longer.
- 5.4.5 Valuing People, the Learning Difficulties White Paper, emphasises the importance of increasing independence and choice for people with learning difficulties including improved access to a range of accommodation options.
- 5.4.6 A local five year Housing and Support Strategy has been produced outlining levels of need, the local housing and support market conditions, available investment and the strategic approach required to for service development. The document highlights 110 people potentially requiring supported independent living over a three year period, 50 percent of whom can be accommodated in general needs housing. The remaining 50 percent will need specialist provision to meet specific needs.
- 5.4.7 The priority groups identified for housing and support are young people in transition from children to adult services, people currently living out of area and older carers of people with learning difficulties.

5.4.8 The support cost was estimated in the region of £6 million pounds. Meeting the challenge of delivering more supported living is affected by prevailing market issues such as attracting experienced support providers, accessing suitable life time housing, developing economies of scale and obtaining additional funding streams to offset high care costs

5.5 Physical Disability

5.5.1 Although the Council assists both, private sector and social housing households with adaptation grants, there is a proven need for more specific wheelchair accessible homes for households on low incomes.

5.5.2 Research by Joseph Rowntree Trust (2000) has demonstrated that successful adaptations deliver the key social care objectives of the government - i.e. assisting people to remain at home and supporting carers.

5.5.3 In 2002/03, 294 individual requests for Disabled Facility Grants were made, an increase of 45 requests from the previous year. The last 2 years have seen a continuing upward trend in the number of requests received, and it is anticipated this will continue in order to support people at home.

5.5.4 The budget available for Disabled Facility Grants was £550,000 in 2002/03, which was overspent by 20%. It is estimated, at an average cost of £2,500 per grant, that £760,000 is required to meet requests currently received, and an additional £112,500 per annum to meet anticipated demand.

5.6 People with Mental Illness and Disorder

5.6.1 "The supply profile for this group suggests a relatively good level of service provision both in terms of accommodation and support. However total numbers of units fall within the low end of the expected range for this group. This observation is supported by local knowledge, which suggests that there are not enough units of accommodation, particularly for people leaving in-patient units and the requirement for floating and re-settlement support is larger than existing services can meet." (Bath & NE Somerset *Supporting People Shadow Strategy*, 2002).

5.6.2 The Mental Health Service Development and Implementation Group (SDIG) have described the unmet needs of people with mental health problems in its recent service improvement plan. The plan highlights specific difficulties relating to hospital discharge which can be linked to gaps in the provision of accommodation and support services for this group.

5.6.3 A particular concern is the difficulty in accessing appropriate supported accommodation as there is no shared referral route to the various providers. The feasibility of establishing a multi-agency referral and assessment panel is currently being explored. The group also identified the need for a specific post to support service users in accessing appropriate advice and information in relation to housing issues.

5.6.4 People with mental health problems and complex needs make up a high proportion of vulnerable homeless people applying for social housing. There continues to be a shortage of suitable temporary accommodation.

5.6.5 A review of all mental health accommodation in Bath & North East Somerset, completed in the year 2000, identified a lack of appropriate move on support for tenants who wish to live more independently. Move on from supported accommodation schemes may be hindered by this.

5.7 Young People at Risk/Care Leavers

5.7.1 Between 15 and 20 young people leave the local authority's care each year. Most need some form of housing. Primarily, these are 18 years old, with a small number aged 16-17, with a history of living in foster care and needing to move into (or towards) independent living.

5.7.2 In the first instance, Care Leavers may move into supported accommodation in schemes such as Pathways and The Hawthorns or into supported living arrangements. In most cases, the longer-term aim is for these young people to move on to independent living.

5.7.3 However, availability of supported and independent housing for young people remains an issue and in some cases young people have been placed in bed and breakfast accommodation until more suitable accommodation has become available.

5.7.4 In 2001/02 Bath & North East Somerset received 36 homelessness applications from people aged 16-17. Young people aged 16-17 years of age are regarded as a priority need group under the homelessness legislation and, as such, were offered permanent re-housing.

5.7.5 In the rural areas of Bath & North East Somerset, there is a problem with isolated young people facing homelessness because they are unable to sustain tenancies. They are often unable to access services in the larger towns as transport is inadequate and, in many cases, they do not identify with other areas of Bath & North East Somerset. Also, most young people are understandably reluctant to leave behind whatever support networks they have.

5.7.6 Bath & North East Somerset Single Homeless Partnership has prioritised the need for a full-time Young People's Tenancy Support Worker to cover the rural areas and is working towards delivering this service

5.7.7 Bath & North East Somerset Council has recently recruited a Young People's Accommodation Officer who will develop a Supported Lodgings Scheme. The aim of the Scheme will be to develop a pool of housing with support for care-leavers in both the private and social housing sectors.

5.8 Teenage Parents

5.8.1 From April 2004, Local Authorities are legally required to ensure that support is available to all lone teenage parents aged 16 and 17. It has been estimated, using homelessness figures, that eleven 16 and 17 year old lone parents will be requiring accommodation as of 31st December 2003.

5.8.2 Bath & North East Somerset Council is currently commissioning a service that will meet the needs of young parents in their own tenancies via floating support with funding from the Supporting People programme.

5.9 Ex-offenders

5.9.1 Research shows that two thirds of ex-offenders who had no satisfactory accommodation on release from custody re-offend within twelve months of release as opposed to only one quarter of those with appropriate accommodation.

5.9.2 Approximately 120 new referrals are made by Bath Probation Services each year to organisations providing accommodation for ex-offenders. Supported housing is a key need for ex-offenders along with move-on housing with after-care support.

5.10 Rural Housing

5.10.1 Over 90% of Bath & North East Somerset is classified as rural with almost one third of the area designated as an Area of Outstanding Natural Beauty.

5.10.2 Bath & North East Somerset, in partnership with South Gloucestershire and North Somerset, has drafted a Rural Housing Strategy. This partnership has also recruited a Rural Enabling Officer with funding contributions from the three partners and the Housing Corporation.

5.10.3 Key issues impacting on rural communities include: an acute lack of opportunities to access affordable housing; lower wages; higher costs of living, especially transport costs; and the high cost of housing.

5.10.4 The Rural White Paper contains the challenging target for the South West of delivering 1,600 homes in settlements of less than 3,000 people. Delivering an increased rural housing programme has become a strategic priority for the Housing Corporation South West. Although Bath & North East Somerset has been set a modest target – 12 units by 2004, rural housing need is expected to be a Government priority in future years.

5.10.5 Housing Services have undertaken a number of village appraisals and have found that it is very common for young people to be forced to leave their villages because of rising house prices and a lack of affordable homes. Historic data shows little movement in the social rented housing sector in villages, other than existing tenants invoking their Right to Buy. Some villages in Bath & North East Somerset have no social housing at all.

5.11 Intermediate Housing Needs

5.11.1 The Government has identified a growing group of people who have insufficient income to purchase or rent a property on the open market and who are unable or unwilling to access the social housing sector. This group of people fall into the housing market now being termed “Intermediate Housing”. The umbrella term “intermediate housing” encompasses low-cost home ownership, shared ownership schemes, and low-cost home ownership schemes specifically targeted at key workers.

- 5.11.2 The **Homebuy** scheme is a government-backed initiative that allows successful applicants to purchase a home on the open market. Applicants contribute 75% towards the cost of the property by mortgage and personal savings. For the remaining 25%, they will receive an interest free loan that is repayable - inclusive of any profit made through rising house prices - when the property is sold. This money is then re-invested into a similar scheme or social housing. Registered Social Landlords operate the Homebuy scheme with funding from the Government. The scheme is directed at: a) social housing tenants who could not otherwise purchase a home and who will through this process release their rented home; and b) people, who are on the Council's housing waiting list and have been identified as being in need.
- 5.11.3 **Shared Ownership** schemes help people who cannot afford to buy a home on their own. Potential home owners can, in the first instance, buy a share of between 25% and 75% by means of mortgage or savings and pay rent on the other part. Registered Social Landlords operate the shared ownership scheme with funding from the government and local authority. The Registered Social Landlord retains ownership of the outstanding share. The home owner has the opportunity to "staircase up", which means that, as individual circumstances change, additional shares can be bought resulting in sole ownership.
- 5.11.3 The **Key Worker Starter Home Initiative** offers key workers, like teachers and nurses a fixed amount of equity loan (which is repayable when the property is sold at a percentage rate) to help them purchase a home on the open market. The amount of the equity loan can vary and is subject to government funding. The scheme is designed to help key workers who are moving into the area or who are already in post but are having difficulties in purchasing a home and are therefore moving away from the area.

5.12 Key Workers

- 5.12.1 Traditionally, key workers have included nurses, teachers and members of the police and fire services. However, by encompassing broader issues of community and economic development, there are strong arguments to include certain modestly paid private sector professions without which the relevant companies may struggle to provide their services efficiently. Examples may include bus and train drivers or those working in essential services provided by the independent sector such as care workers.
- 5.12.2 A definition of a key worker, which is already being applied in local government in the south east and which has been accepted by the Housing Corporation, is given below:

Employees in essential, universally accessible public and private services, without whom those services would operate at below optimal levels

and;

Workers in those sectors whose income is insufficient to allow them to access reasonable accommodation in the private market, or to receive priority assistance through the relevant housing legislation.

- 5.12.3 The definition of who is to be regarded as a Key Worker, how and by whom the provision is to be made and the role of major employers is an area requiring further work by the Council and its partners
- 5.12.4 Bath & North East Somerset is highly dependent up on public sector and service industries for employment. A recent economic report produced by Bath & North East Somerset Council demonstrated that there was considerable concern from local employers and businesses regarding the cost of housing for their staff. There is a perception that B&NES is losing out to other areas when businesses consider relocation because of high housing costs which cause difficulties with recruitment and retention.
- 5.12.5 There is also concern that staff have to travel considerable distances to get to work, especially in Bath, because they are unable to live in the area. It is common to commute to work in Bath & North East Somerset from neighbouring areas. Roads are often congested, especially in and around Bath and public transport isn't always an option – especially for staff who work unsociable hours as, for example, many health staff do.
- 5.12.6 Bath & North East Somerset Council supports key worker housing issues as a medium term objective within it's Housing Strategy and recognises the importance of encouraging and enabling sustainability in local services and the economy generally. The government has identified the provision of key worker housing as a major policy target.
- 5.12.7 In some instances, employers have at least a partial solution in their own hands. A number of employers have land and property holdings that could be re-developed to incorporate key worker housing. Planning Services will continue to work with employers to consider the provision of "on-site" key worker housing. Transportation Services are encouraging major employers to develop Travel Plans, including the provision of employee buses. The Council will continue to work with employers to find creative ways of meeting the housing needs of key workers.
- 5.12.8 Developers are becoming increasingly interested in the development of key worker housing, particular as a way of meeting the "affordable housing" quota on new development sites. Developers are arguing that the provision of key worker housing meets the definition of affordable housing in Planning Policy Guidance 3 (commonly referred to as "planning gain"). Also, Developers are citing national and local examples where key worker housing has replaced traditional forms of social housing as the affordable element within Section 106 agreements. Whilst this can make a positive contribution to key worker housing, it is at the expense of social housing for other groups with a high level of housing need. As a consequence, it is important to achieve a balance between the provision of key worker housing and the provision of social housing through planning gain. One way of achieving this balance would be to amend the draft Supplementary Planning Guidance (SPG) to include a specific quota for key worker housing unless there is no proven need for key worker housing in the location of the site. This is being considered as part of discussions to finalise the SPG (*see also paragraphs 8.2.2-8.2.7*).

6. The Housing Market and Affordability

- 6.1 88% of Bath & North East Somerset’s homes are privately rented or owner occupied making this by far the largest housing sector. For many households, however, neither ownership nor private renting is affordable.
- 6.2 The Housing Need Survey 2000 has established, that approximately 1800 adults have an average annual income of below £17,000. Currently, a first time buyer needs an average income of £45,000 a year to be able to afford to buy property in Bath & North East Somerset. Even with this substantial income, potential first time buyers can only access the lower end of the housing market.

Terraced	Semi-detached	Detached	Flat & Maisonette	All Properties
161,000	186,000	318,000	136,000	178,000

Average house prices in the BA1 district Source: www.hometrack.co.uk (June 2003)

- 6.3 Demand for private rented accommodation in Bath and surrounding areas is high. This is due to a combination of factors, including high house prices, its location and position as a major tourism centre and a large student population.
- 6.4 The district has an increasing student population. Bath Spa University currently has 2,500 students with only 550 places available in Halls of Residence and Bath University has over 6,500 students with only 3,200 places in Halls available. The increasing shortfall in accommodation has led Bath Spa University to introduce a scheme where they will guarantee a landlords rent if they commit the property to the sole use of student lets. This has, and will continue to have, a detrimental impact on the ability of non-students to secure private rented accommodation, particularly at the lower end of the market (bedsits and shared houses). Other than acting to improve the standard of accommodation rented to students, the Council has little power to intervene in the student housing market in Bath & North East Somerset.
- 6.5 Bath University are four years into a ten year programme to deliver 3,000 new units of student accommodation. Bath Spa University do not currently have a similar strategic plan. Planning Services are currently working with both universities to find ways of meeting the housing needs of the student population. This work includes looking at the use of university land and property holdings for the provision of further on-campus student accommodation.
- 6.6 Bath and North East Somerset is also a popular area for second homes with Council Tax data showing that there are over 700 second homes in Bath & North East Somerset.
- 6.7 Average rent levels in the private sector are as follows:

1 bed flat	2 bed house	3 bed house	4 bed house
£537	£675	£775	£925

Average private rent per month/ Source: Local reference rents - The Rent Service

- 6.7 Assuming that private rented housing should not account for more than 30% of the net household income - if it is to remain affordable - then many households will be unable to afford the above rents.
- 6.8 To afford private rent on a 2-bed house the household income would have to be a minimum of £27,000 per annum before tax.
- 6.9 Through public subsidy - rent levels can be kept at an affordable cost for those households who are on a low income.

1 bed flat	2 bed flat/house	3 bed house	4 bed house
£242	£294	£333	£383

Average registered social landlord rent per month/Source: Housing Corporation Guidelines

- 6.10 As pressure on residential land sites and the cost of developing increases, private developers are seeking ways of meeting the affordable housing quota on larger development sites without providing social housing. One proposal is to provide “sub-market” or “market-discount” housing for rent. This is housing that remains in the ownership of the developer and is rented at, for example, 80% of market value. Given the definition of “affordable housing” adopted in this Strategy. Sub-market and market-discount housing for rent is not considered to be affordable housing.

7. Priorities for Future Investment

7.1 Social Housing to Rent

- 7.1.1 It has been established, that the affordable housing need at 2006 will be 2667 dwellings. By 2005, the Council will have provided additional 600 homes (year 1999 - 2005). Despite this effort, the shortfall remains at 2067 homes.
- 7.1.2 It is important to recognise that, although 600 new affordable homes will have been provided by 2005, approximately 1271 will have been lost from the social housing sector through the Right to Buy.
- 7.1.3 Future investment is needed to provide good quality affordable accommodation for rent, to avoid families, couples and single people becoming homeless, being caught in the poverty trap, or leaving the area altogether.
- 7.1.4 Many strategies for specific needs groups place emphasis, in line with Government guidance, on supported living schemes. Supported living schemes usually require the allocation of self-contained social housing units in quite a tight geographical area to facilitate the provision of appropriate levels of support. In addition, there is an ongoing requirement for small scale supported housing schemes.

7.2 Intermediate Housing

7.2.1 As long as property prices continue to increase, the “intermediate housing” market will grow. Not only is support for the intermediate housing market an important element in meeting local housing need, intermediate housing schemes support economic development and provision of essential services. Furthermore, intermediate housing is a Government priority and new schemes are likely, therefore, to attract Government funding.

7.3 Key Worker Housing

7.3.1 As previously stated (paragraphs 5.11.3– 5.12.8), key worker housing falls within the umbrella term “intermediate housing”, however, it is worth flagging up as a specific priority in this Strategy. Key public services in Bath & North East Somerset are experiencing increasing difficulty in recruiting staff and, hence, in maintaining service delivery. There is no prospect that this will change without investment in key worker housing to rent and buy.

7.4 Affordable Private Rented Housing

7.4.1 The three priorities set out above focus on the development of new affordable housing for rent and purchase. Action in these three areas alone, even with very significant capital investment, will not fully meet local housing need. However, there are limited other options. As previously stated, private rented housing, including sub-market or discount market rented housing is unaffordable. It is also very difficult for people in receipt of welfare benefits (specifically Housing and Council Tax Benefit) to access. Most, if not all, private landlords require payment of a deposit (usually the equivalent of one month’s rent) and one month’s rent in advance. It is also usual for an “administrative” charge to be made for setting up a new tenancy. On average, a new tenant of two bedroom private rented accommodation would need to make a lump sum payment of £1,400-£1,500. Many private landlords will not consider renting to people in receipt of Housing Benefit.

7.4.2 Despite all these difficulties, private rented accommodation with an individual public subsidy through payment of Housing Benefit, is the only option for many of Bath & North East Somerset’s residents. Also, some other areas with a similarly buoyant private rented sector have had success in using the private rented sector to meet housing need. Two notable examples are Hillingdon London Borough, which has commissioned a private letting agent to locate private rented properties on behalf of the Council; and Oxford City Council, which has a well established private sector leasing scheme (for providing temporary accommodation for homeless households).

7.4.3 On balance, development of the private rented sector as an affordable housing option, is an area that warrants further, detailed, exploration. This “options appraisal” should be viewed as a longer term priority because successful intervention in the private rented sector will be difficult and the level of impact on housing need uncertain.

8. Resourcing the Strategy

8.1 As has clearly been demonstrated, there is a growing gap between the need for and supply of affordable housing across all tenures. In order to reduce this gap and address priorities, the Council will need to take action on a number of fronts as set out below.

8.2 Planning Policy

8.2.1 Full use must be made of planning policy to secure affordable housing in Bath & North East Somerset.

8.2.2 The Draft Bath & North East Somerset Local Plan sets the current threshold for allocated sites and windfall housing developments. These are:

- 30 % of affordable homes on urban development sites of 15 or more dwellings, or residential sites of 0.5 hectare or more; and,
- 30% of affordable homes for settlements with a population of 3,000 or fewer for a housing development of 10 dwelling or more, or residential sites of 0.5 hectare or more.

8.2.3 The Council started work on drafting Supplementary Planning Guidance on Affordable Housing in early 2001. This draft document states that affordable housing on a Section 106 site should be provided without public subsidy.

8.2.4 The table below sets out the units of affordable housing provided through “planning gain” since April 1st 1999.

Financial Year	Units provided on Section 106 sites	Others
1999/2000	2	58
2000/2001	25	114
2001/2002	17	75
2002/2003	22	67
2003/2004	56	99
2004/2005	40	31
Total	162	444

Approved Section 106 sites 1999-2005

8.2.5 In accordance with current policy, these units received public subsidy (Social Housing Grant). On average a £50,000 grant is paid on each unit of affordable housing.

8.2.6 If the draft Supplementary Planning Guidance (SPG) on Affordable Housing had been agreed and implemented for the start of the financial year 2001/02, the Council would have saved £4.75 million in Social Housing Grant. This grant could then have been invested in additional affordable housing units.

8.2.7 The Council now aims to agree the new SPG in December 2003.

8.2.8 A shortage of land sites designated for residential use pushes up the price of sites and, hence, the cost of providing affordable housing. Historically, the Council has been reluctant to agree that land sites previously used or designated for employment use can be used for developing a mixture of office and residential accommodation. There are a number of sites in Bath & North East Somerset that are currently used or designated for economic use and that would lend themselves to such mixed use.

8.2.9 The Council, should give careful consideration to agreeing mixed office and residential accommodation or key worker housing developments on sites designated for employment use.

8.3 Rural exception sites

8.3.1 Where there are genuine difficulties in securing an adequate supply of affordable housing to meet local needs in rural areas, Annex B to Planning Policy Guidance Note 3 and Circular 6/98 allows the release of small sites where housing will not normally be permitted.

8.3.2 The definition of affordable housing for rural exception sites is as follows:
“...that provided with subsidy, for people who are unable to resolve their housing needs in the private sector market because of local relationship between housing costs and income”.

8.3.3 Planning Permission granted for such a scheme is subject to identified local need where the affordable housing will be reserved for local needs and through occupancy restrictions remain affordable in perpetuity.

8.3.4 Through Village Appraisals, a number of villages have already been identified as being in need of affordable housing and exception sites have been highlighted.

8.3.5 The Council prefers Registered Social Landlords to build and manage rural exception schemes to ensure affordable housing in perpetuity.

8.3.6 Exception sites are small scale developments and not subject to planning gain. Therefore they cannot be developed subsidy free and will continue to require public subsidy in the form of Social Housing Grant.

8.3.7 The Council should continue to pro-actively identify and agree Rural Exception Sites where there is an identified need for affordable housing.

8.4 Strategic Sites

8.4.1 There are opportunities to provide a substantial number of affordable homes on major brownfield sites that have been identified for regeneration. The largest of these is at Western Riverside which has been the subject of much consultation and which will shortly enter the master planning stage following the approval of Supplementary Planning Guidance.

8.4.2 Over the next 10-15 years this could and should provide up to 450 affordable homes as part of a mixed use development adjacent to the centre of Bath. Being a major strategic site it is likely to attract funding from the Housing Corporation and/or SWERDA (South West England Regional Development Agency).

8.5 **Site Assembly**

8.5.1 There is a shortage of sites suitable for development and, particularly large scale development in the area. There are, however, patches of land and low density residential developments that might lend themselves to redevelopment.

8.5.2 There is potential for assembling viable development sites from the land and/or property holdings of two or more parties. The Council will actively seek opportunities for site assembly, facilitating and brokering agreement between parties where it is not an asset holder and leading negotiations where it is.

8.6 **Council Owned Brown/Greenfield Sites**

8.6.1 The Council holds a substantial portfolio of existing buildings, brownfield and greenfield sites. Registered Social Landlords have to compete with private developers and current market values when acquiring these sites. Frequently, they cannot compete because of the high land costs in Bath and North East Somerset.

8.6.2 The disposal of Council owned buildings and land offers some of the few opportunities for Registered Social Landlords to acquire a buildings and sites for the development of social housing. Currently, the Council requires that maximum income is generated from the disposal of assets.

8.6.3 In order to support a more Corporate view of the most effective use and "value" of property and land assets a cross-service group including representatives of planning, housing, economic development and property services will review these assets and lead the establishment of Development Briefs for assets suitable for redevelopment. These Development Briefs will aim to ensure that the development and/or disposal of any property or land asset supports the Council's priorities and strategic objectives whilst also achieving maximum value, in its broadest sense, from the asset. Costs associated with the establishment of Development Briefs will be set against income from the development and/or disposal of the asset.

8.7 **Empty Properties**

8.7.1 In April 2003, according to Council Tax data, there were 204 properties in Bath & North East Somerset that had been empty for 6 months or longer (*HIP return April 2003*). It isn't clear from this data what proportion of these properties are empty because they are on the market for sale and what proportion are unused and could be brought back into use.

- 8.7.2 Grant funding, specifically for bringing privately owned empty properties back into use ceased in August 2002. Funding for bringing private sector empty properties back into use, was reintroduced in line with the new Housing Renewal Policy on 26 August 2003. Assistance is available to those intending to rent out their property and offers a maximum £2,000 grant towards the repair and improvement of the property.
- 8.7.3 Some empty properties require major works to bring them back into use and £2,000 is insufficient financial assistance. However, even a £20,000 grant can be a cost effective way of providing affordable housing if that grant is tied to an agreement that the property be let to a homeless household or household in housing need at an affordable rent.
- 8.7.4 The Council should continue to provide grant assistance to bring empty properties back in to use. Also, any additional revenue generated from Council Tax on second homes should be targeted at this programme.
- 8.7.5 There are currently a number of empty flats and unused spaces over commercial premises in the Council's portfolio. These properties can, and should, be brought back into use as affordable and/or key worker housing.
- 8.8 Secure Funding from the Single Housing Investment Pot for South West England**
- 8.8.1 The Sustainable Communities Plan, issued by the Office of the Deputy Prime Minister on 05 February 2003 provides clear guidance on their financial commitment in the South West.
- 8.8.2 A new South West Regional Board, in partnership with the Government Office South West, the Housing Corporation, the South West Regional Assembly, the South West of England Regional Development Agency, English Partnership and other relevant bodies in the region will provide a more strategic approach to housing issues.
- 8.8.3 The new partnership will play a key role in the delivery of policies set out in Sustainable Communities: Building for the Future. Funding arrangements will reflect this new approach and from 2004/2005 onwards there will be a Single Housing Investment Pot (SHIP) for the South West, bring together resources from the Housing Corporation Approved Development Programme (ADP) and the Housing Investment Programme (HIP).
- 8.8.4 Guidance suggests that this pot of money will be invested in achieving the priorities set out in the Communities Plan and in the South West Regional Housing Strategy.
- 8.8.5 Government is directing local authorities to take a more strategic approach when looking at housing need and we are being guided to work more closely with neighbouring authorities in the provision of affordable housing. Councils working in this way will receive priority Housing Corporation funding.

8.8.6 In order to achieve maximum allocation from the SHIP, the Council should ensure that, as far as possible, its priorities and ways of working with partners and neighbouring authorities, reflect those set out in the Communities Plan and SW Regional Housing Strategy. Conversely, the Council should seek, wherever possible, to influence and guide the priorities set out in the SW Regional Housing Strategy for 2004, which will be drafted in late 2003.

8.9 Bid for Specific Grants/Funds

8.9.1 The Government, from time to time, establishes a fund, which is ring-fenced to support the delivery of specific strategic objectives. In some cases, only named areas can submit bids on the basis that they have been identified as a "hot spot". Recent examples are detailed below.

8.9.2 The South West **Key Worker Challenge Fund**, for which only certain areas, including Bath & North East Somerset can submit bids. Two bids are being developed for this Fund. The first bid, developed in partnership with Somer Housing Group and B&NES Primary Care Trust, is for funding for a new build scheme in Bath which will provide key worker housing for rent and for shared ownership. The second bid, developed in partnership with Bristol and South Gloucester, is for funding for a low-cost home ownership scheme for key workers.

8.9.3 The **Housing Renewal Fund** for raising standards in private sector housing. Again, bids for funding are limited to named areas. Four bids have been submitted. The first, in partnership with neighbouring Authorities, is to establish a Home Loan scheme targeted at those homes that fail the Decent Homes Standard where people are not eligible for grant assistance. The second, also a partnership bid, is a "move-on" scheme that will assist those households who, due to the high cost of repair or the need for adaptation, would benefit from moving to alternative accommodation. The third, a Bath & North East Somerset bid, is an extension of the Property Accreditation Scheme and will offer accredited landlords who house vulnerable residents an interest free loan to fund the difference in costs between meeting current statutory standards and those of the Decent Homes Standard. The fourth, also a sole bid, is linked to ongoing work to bring empty properties back in to use. The scheme would offer a financial incentive to attract the owners of empty properties to bring them back into use and to renovate them to the Decent Homes Standard with additional incentives if the property is offered as affordable housing for people in housing need or temporary accommodation for homeless households.

8.9.4 The **Extra-Care Housing Fund** is intended to provide capital funding for new extra-care housing schemes. Bidding guidance has only recently been issued but a successful bid would secure capital funding to support the Council's Elderly Homes Re-provision Strategy.

8.9.5 The Council should be proactive in seeking opportunities to bid for targeted funds like those detailed above.

8.10 Allocate Additional Funding from the Council's Single Capital Pot.

- 8.10.1 Each year, as part of the financial planning process. The Council agrees a Capital Budget, which sets out how the Council's capital will be allocated over the forthcoming year. Capital is generally allocated in accordance with the Council's priorities and any statutory requirements with some monies "ring fenced" by Government for specific areas (for example, school improvement).
- 8.10.2 As has been demonstrated earlier in this Strategy (paragraph 3.3), since 1999/2000, the Council's capital pot has benefited by £17,205,558 from the sale of Somer Community Housing Trust properties under the preserved Right to Buy. Despite the fact that Right to Buy sales have resulted in a net loss of 396 properties from the social housing sector, none of the capital receipt generated by these sales has been re-invested in social housing.
- 8.10.3 The ongoing need for affordable housing in Bath and North East Somerset is highlighted by the Housing Survey 2000 and the Council's Homeseekers Register.
- 8.10.4 Although a number of development opportunities have been highlighted in the Local Plan - for the future, there is no defined development programme beyond 2005 and no commitment for ongoing funding.
- 8.10.5 The Housing Corporation will expect Local Authorities to make adequate financial provision to meet identified local housing need.
- 8.10.6 The Office of the Deputy Prime Minister will encourage local authorities to make the most effective use of the reduction of the discount on council tax for second homes and empty properties.
- 8.10.7 Since the start of the Investment Programme - land, house and building costs have risen substantially and the average grant requirement is now approximately £60,000 per unit, compared to £35,000 in 1999.
- 8.10.8 To mirror the current programme, which provides 100 affordable homes a year, in excess of £4,000,000 social housing grant - each year - is needed. It is to be assumed that after 2004/5 Housing Corporation funding will be allocated in accordance with South West regional priorities with the emphasis on large strategic developments. This will severely limit investment by the Housing Corporation in local needs housing. As a consequence, Bath & North East Somerset Council will need to invest in the region of £4,000,000 each year in social housing to meet local need.

8.10.9 The table below demonstrates future funding needs and reflects a further yearly increase of 10% in land, house and building costs.

Financial Year	Units		Total Grant Requirement
	Section 106 Nil Subsidy	With Subsidy	
2005/2006	30	70	4,200,000
2006/2007	30	70	4,620,000
2007/2008	30	70	5,082,000
2008/2009	30	70	5,590,200
2009/2010	30	70	6,149,220
Total	150	450	25,641,420

Please Note: These figures are estimates only/Future Funding Requirements

8.10.10 In accordance with the priority given to affordable housing by both the Council and the residents of Bath & North East Somerset, affordable housing should be a priority area of capital investment for the Council's single capital pot.