



Affordable Housing
Live Scrutiny Working Group Review
FINAL REPORT
July 2022

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1. Working Group Membership

The Working Group comprised:

- Councillor Sam Maxwell – Chair
- Councillor Shabbir Aslam
- Councillor Lee Breckon
- Councillor Nick Brown
- Councillor Adrian Clifford
- Councillor Janet Forey
- Councillor Paul Hartshorn
- Councillor Mark Jackson
- Councillor Christine Merrill
- Councillor Phil Moitt
- Councillor Louise Richardson
- Councillor Mike Shirley
- Councillor Jane Wolfe
- Councillor Chris Frost

The Working Group extends its formal thanks to:

- Ian Jones – Housing Services Manager
- John Crane – Housing Strategy Team Leader
- Cat Hartley – Planning & Strategic Growth Group Manager
- Caroline Harbour – Environmental Health, Housing & Community Services Group Manager
- Councillor Les Phillimore - Housing, Community & Environmental Services Portfolio Holder
- Councillor Ben Taylor - Planning Delivery and Enforcement & Corporate Transformation Portfolio Holder
- Purnima Wilkinson (EMH)
- Laura Morgan (EMH)

2. Foreword

I am pleased to present this report on behalf of the Live Scrutiny Working Group. The report seeks to ensure that the continuing and increasing challenge of affordable housing provision within the Blaby District is reflected and forms a core focus in the Local Plan and associated Blaby District policies and strategies.

The Working Group acknowledges that the shortage of affordable homes remains one of the biggest policy challenges across the UK and is not confined to the Blaby District. We also acknowledge that at the time of considering the review scope, the up-to-date Leicester & Leicestershire Statement of Common Ground had not yet been received.

Whilst conducting this piece of work, members have gained a thorough understanding of the many factors, difficulties and barriers that have contributed to the current housing situation, as well as a greater understanding of the complexities involved in addressing it. We have therefore sought to think creatively in formulating our recommendations, following discussions with various stakeholders, that will lead to an improvement in the provision of affordable homes and a reduction in the growing number of families and single households that are becoming homeless. From the evidence received, it is clear that to address this increasing and urgent need, there must be a strong and proactive lead from the authority, working closely with relevant stakeholders, to ensure that all possible opportunities are explored.

Finally, on behalf of the Working Group, I would like to thank all those who have contributed to and supported this review.

Councillor Sam Maxwell

Live Scrutiny Working Group Chairman

3. Initial Scope and Key tasks

The Working Group's initial scope and key tasks were to:

- Investigate what policy adjustments can be suggested/implemented that may increase our delivery of affordable housing within our District.
- Including what we can change/improve in our local plan to accommodate the above objective.
- Review the 15 or more threshold to bring it in line with other policy requirements.
- Review the need for viability assessments where a contribution is made (RP's need to provide financial info for homes England / viability assessments have always proved the need for contribution).

4. Background Information

To meet our Affordable Housing need entirely we would need to build 534 units per year up until the year of 2030.

As shown in Figure 1, Affordable Housing Delivery is significantly down post 2019 but is now recovering, Officers explained this was down to numerous factors such as:

- Covid-19 Pandemic Slowdown (post 2020)
- Blaby Policy focus on large SUE Developments (longer timescales)
- Adaptation to the change in structure of RP funding through Homes England
- Market Forces – i.e. less market led sites coming forward or built out.
- Lubbethorpe Negotiation (reduced affordable housing %) – due to the amount of upfront infrastructure that was required at the start of the development (i.e. the delivery of the M1 bridge and road and other infrastructure) which is linked to the viability of the site in its early stages, a reduced percentage of affordable units was negotiated for the first 600 Dwellings. 10% of the first 600 Dwellings were required to be delivered as Affordable Housing. Once those first 600 Dwellings had been delivered, the usual policy requirement of 20% provision of affordable housing is then required.

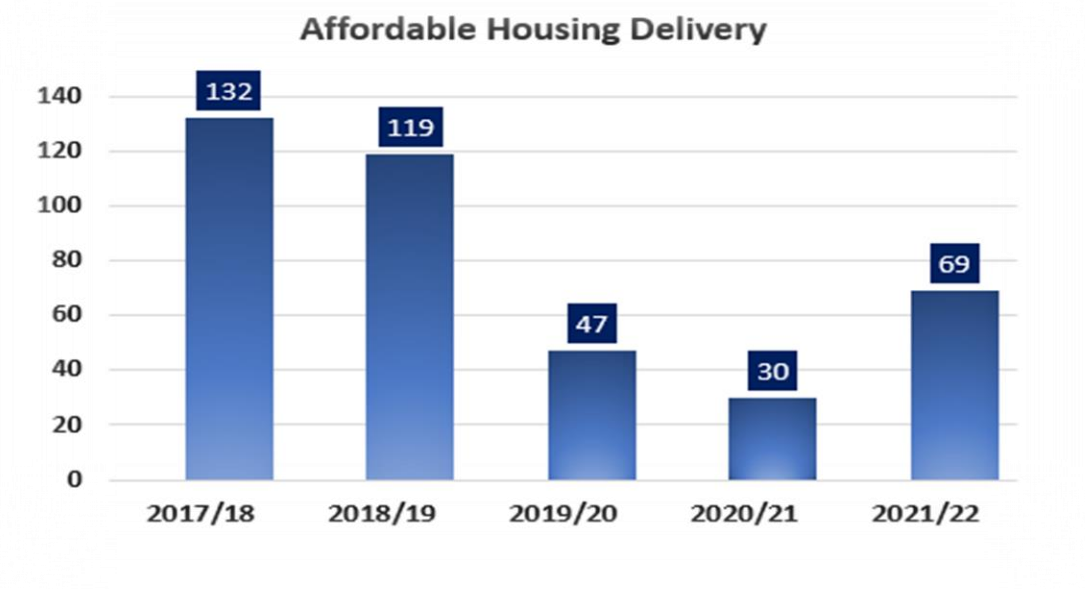


Figure 1 - Past Affordable Housing Delivery 2017 - 2021

Local Plan Requirements in contrast to Affordable Housing Need

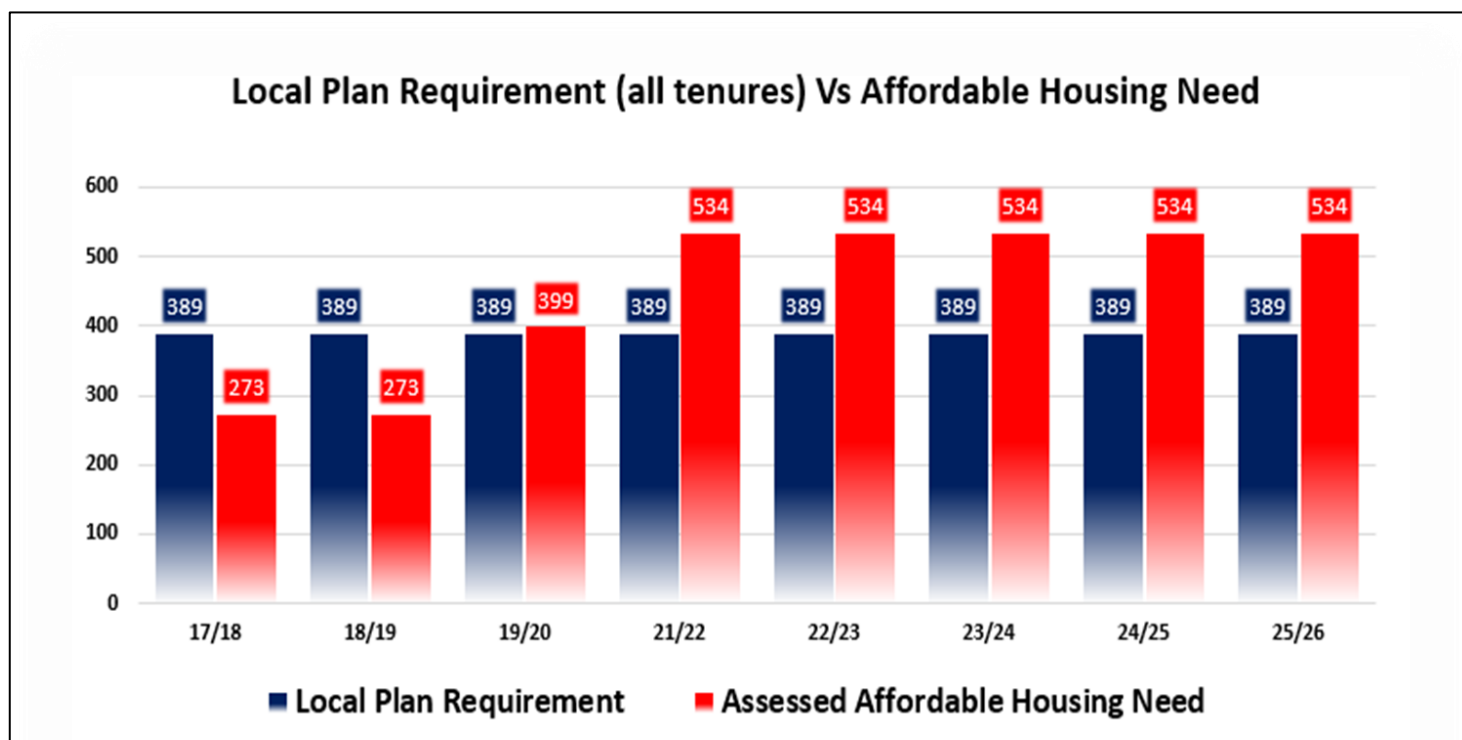


Figure 2 - Local Plan Requirement vs Affordable Housing Need

In order for Blaby District Council to demonstrate our five year land supply, 389 houses must be built (minimum). Without a justified 5 year land supply, Blaby District Council lose the ability to enforce Local Plan policies in the formation and location of sites.

To contrast this with the Affordable Housing Need for Blaby District, in order for us to meet our need entirely, we would have to build 534 units per year up to 2030.

Blaby District Council does not currently have an Affordable Housing Target due to the various variables that are outside of our control that can affect the delivery of AH units. If we used our need figure (534) as a target, this would not be achievable. To put this figure into perspective, at our current policy of 25% affordable units on market led sites, we would need to build 2,000 homes per year to attempt to meet the need of 534.

East Midlands Homes Partnership

On the 3rd May 2022 Members received a presentation from one of Blaby District's housing providers EMH (East Midlands Homes). From the presentation, Members were provided with background information into EMH and their partnership with Blaby District Council.

Background:

EMH was founded in 1946 and began work to provide Affordable homes for ex-service people from the war. Now, EMH have around 30,000 homes across the East Midlands and provide housing and care to increase opportunities for all people. EMH provide around 600 new homes a year and over 1,000 re-lets a year.

EMH have 3 different procurement strands which are the following:

- 1) EMH buy Section 106 properties from developers such as Davidsons who are developing big sites with a proportion of Affordable Housing that are secured through the planning system.
- 2) Package deals – This is where a developer will bring to EMH land together with the build contract so that EMH can build out homes – an example in the Blaby District is Warwick Road , Littlethorpe that EMH built out with Westleigh.
- 3) Land led – Which means that EMH buy land in their own right, then get architects to design it, obtain planning permission and then find a contractor who will build out the development.

EMH Accommodation in the Blaby District

Supported Housing – Oak Court, Blaby



Figure 3 - Oak Court, Blaby (Image from Procon Leicestershire)

EMH are focused on housing and care, which includes supported housing accommodation. An example of this type of accommodation in the Blaby District Authority is Oak court, Blaby.

Regeneration of brownfield sites



Figure 4 - Littlethorpe, old depot site (Image from Leicester Mercury)



Figure 5 - Plans for development in Littlethorpe, old depot site (Image from Leicester Mercury)

EMH are also focused on a diverse development programme, which includes regeneration of brownfield development sites. An example of this in the Blaby District is Duncan avenue, Huncote and also the former depot site in Littlethorpe (See images above), which EMH are currently to clear contamination from.

EMH provide a range of tenures including: Shared ownership, rent to buy, social rent, affordable rent.

On major schemes (section 106) the minimum affordable housing requirement is 25% of the total number of homes and this is typically what is achieved. This method remains the major contributor of affordable homes in the District.

On all affordable schemes (Package or Land Led Schemes) the whole of the site is developed as affordable housing. An example of this within the Blaby District is the Littlethorpe site which will house 32 affordable homes which will be split into 16 rented and 16 shared ownership. They also have rural housing sites, for example in Croft, Sapcote and Sharnford.



Figure 6 - EMH Modular homes in Beeston (Image from Housing Today)

Innovation and new kinds of developments are also a focus and EMH have built over 100 passivhaus houses, including some in Leicester City. Another kind of new development that EMH are trialling is a modular scheme, which means that the houses are built in a factory and then brought to the development site. They are currently trialling a pilot scheme site with this in Beeston, Nottinghamshire, partnered with Oak Homes (See image above).

Strategic Partnerships

Homes England changed the way in which it engaged with the sector and how it was going to fund them. It launched strategic partnerships funding in 2018, EMH one of the first 8 in the country to gain funding from Homes England to build 948 homes by 2026. Strategic Partnerships add to existing funding that EMH already have. EMH have also been successful in bidding with Blaby District Council for the rough sleeping accommodation programme from the Department for Levelling Up for 6 one bed properties within Leicestershire for rough sleepers. EMH were also successful in the Strategic Partnership to bid with Homes England which provides funding and partnership with Midlands Heart, this funding will take them from 2021-2026 with homes to be completed by 2028.

The Future

EMH will continue to deliver rural housing and supported accommodation as well as focusing on the future of homes standards, specifically in regards to climate change and sustainability. One of the ways in which they are working towards this goal is to make sure future homes are properly insulated and that new technologies such as ground source heat pumps are considered in order to minimise the use of energy but maximise the benefits to residents.

EMH currently have a pipeline scheme that will involve 163 new homes being built across Blaby District. They are also continuing to look at supported accommodation in Blaby for the elderly and also for people with disabilities.

EMH commitment to the climate change agenda

EMH provided a statement to Members on how they are approaching the climate change agenda, please find the statement below.

Our Sustainability Strategy takes a holistic approach, the key objective being to reduce our carbon footprint across all our operational areas. We have a track record of innovation and being at the forefront of new build technology. To date we have built 112 new homes to the PassivHaus standard, including the largest residential development of its kind in Europe, showcasing our commitment to sustainable ideology. This commitment is the starting point to our ambition towards creating future-proofed net zero homes

Existing stock

EMH's commitment to decarbonisation has been ongoing for some years, particularly with elements of ground source and air source heating installations, which in the main has focused on replacing costly electric storage heating to address fuel poverty. More recently, EMH has submitted 2 successful government funded bids with Blaby under the LAD 2 and Social Housing Decarbonisation Fund (SHDF). Works on the LAD 2 bid are nearing completion, which were ground source heat pumps, cavity wall and loft insulation. As these works finish on site, we will commence with the SHDF works which focus on a fabric first/worst first approach. This initiative will focus on External Wall Insulation (EWI) and cavity wall and loft insulation. Both programmes focus on properties that are below EPC C rating and aim to improve the rating to EPC C and above to meet the Government requirement in 2030. EMH have been recognised for their commitment over the last 2 years by being awarded the best Local Authority/Housing Association of the Year at the East Midlands Energy Efficiency Awards for 2 consecutive years, with further recognition for large scale projects on 2 schemes involving complex ground source/air source installations.

New developments

The Climate Change agenda is a key priority for the business, and EMH are updating their Environmental Sustainability Strategy by taking a holistic approach, to reduce carbon footprint. Some of the ways in which EMH are looking to achieve this include:

- Taking a fabric first approach on new build homes.
- Reducing reliance on fossil fuel heating systems.
- Where possible Include electric vehicle charging points in new developments.
- Taking account of enhanced estate works to protect and promote the natural environment and biodiversity.
- Develop 50 homes over several schemes to the Future Homes Standard to test our approach in advance of the Building Regulation changes, to understand the costs, maintenance implications and benefits for our customers.
- Deliver a modular development.
- Reduce carbon used in production of homes by utilising Modern Methods of Construction and enhancing the Pre-Manufactured Value (PMV) of those new homes.
- Implement the findings of the Government review into Building Regulations ahead of the mandatory date of 2025 to be building net zero homes.
- Install Smart controls to manage heating and other actions.

5. Overview of key terms and Issues – Officer Presentation

Key Terms:

Affordable Housing: can be for either rent or sale, is for those whose needs are not met by the market. It includes different tenures, including social rent, affordable rent and shared ownership, among others. Social Rent – Social rent is usually rent that is paid to registered providers and local authorities. It is low-cost rent that is set by a government formula. This means it is significantly lower than the rent a tenant would pay in the normal market.

Affordable Rent – Affordable Rent properties are subject to regulation by the Tenant Services Authority, where they are provided by a Registered Provider. Affordable Rent will offer housing associations the flexibility to convert vacant social rent properties to Affordable Rent at re-letting, at a rent level of up to 80% of market rent.

First Homes – First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of ‘affordable housing’ for planning purposes.

Shared Ownership – Shared ownership allows you to buy a share of a property and pay rent to the landlord (normally a Registered Provider) on the rest. When you buy a home through shared ownership, you:

- buy a share between 10% and 75% of the home’s full market value
- [pay rent to the landlord](#) for the share they own

6. The Challenges in the current market

6A) Current Picture: Market Forces

Houses within Blaby District have grown by 12.8% in the 12 months, which has resulted in Blaby house prices now being 51.0% above their previous peak in 2007, compared to +44.4% for the East Midlands and +47.8% across England.

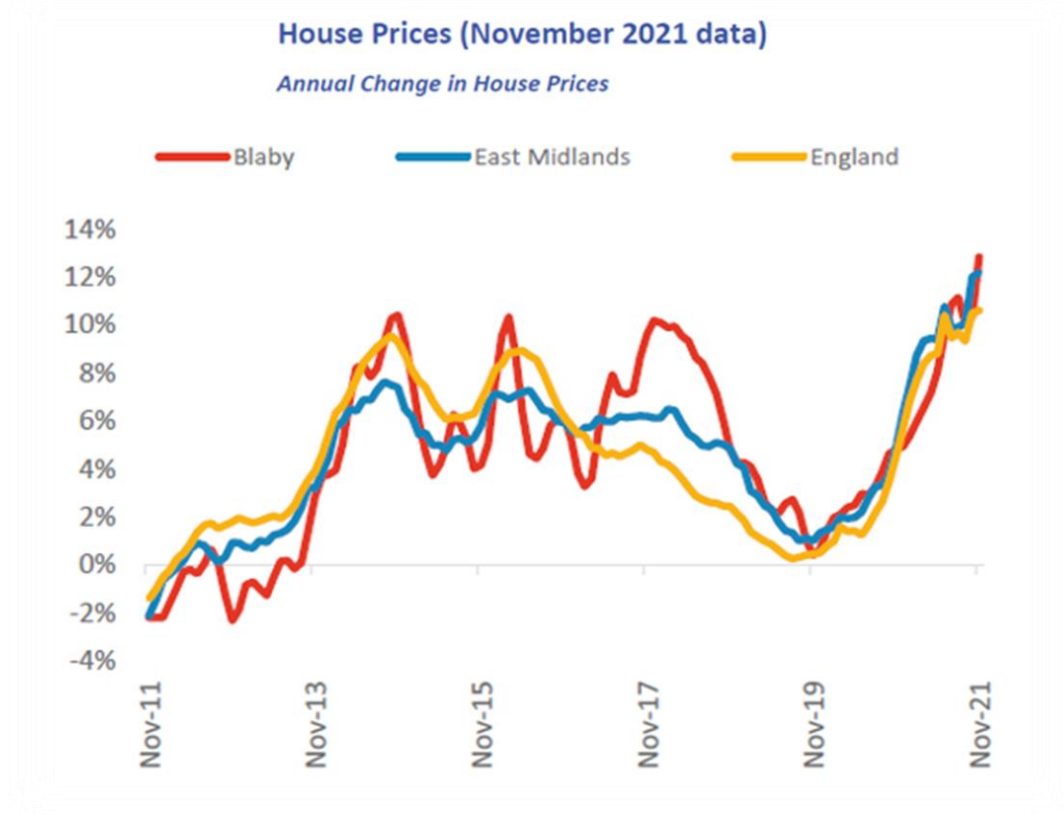


Figure 4 - House Prices (November 2021)

6B) Current Picture: Affordable Delivery Pipeline

Parish	RP	Approved Number (OUT or FUL)	Pre Planning or awaiting decision	Potential Units Due
Braunstone	EMH	0	13	13
Blaby	NCHA	0	15	15
Cosby	EMH	36	0	36
Glen Parva	TBC	0	42	42
Glenfield	N/A	2	0	2
Kirby Muxloe	TBC / EMH	19	222	246
Littlethorpe	EMH	34	12	46
Narborough	NCHA	0	50	64
New Lubbethorpe	Multiple	152	0	152
Sapcote	Stonewater	15	0	15
Whetstone	TBC	78	59	137
		Total = 336	Total = 413	Total = 749

Figure 5 - Affordable Delivery Pipeline

As seen above, there is number of Affordable Housing Units in the future pipeline to provide the Affordable Housing need in Blaby District. However, there are a number of variables both out of our control, as well as those that we can control that may affect the delivery of these units.

The variables to consider for the future delivery are as follows;

Out of our control

- Post Brexit workforce reduction continues (higher wages).
- Materials Cost, Supply and Delivery Times (have not recovered to pre pandemic levels and remain challenging for house builders however signs of improvement).
- House Prices remain high – up 12.8% in the last year (Blaby DC) – This filters into higher land values and could lead to a renewed focus of developers to maximise profits with larger homes. As well as, higher land values may also restrict RP's in their search for suitable land for all affordable sites.
- Land Supply – Shortage of Brownfield Sites – The current Brown Field Register shows only 3 sites over 15 units suitable for development (The graph below reflects the decrease in sites available).

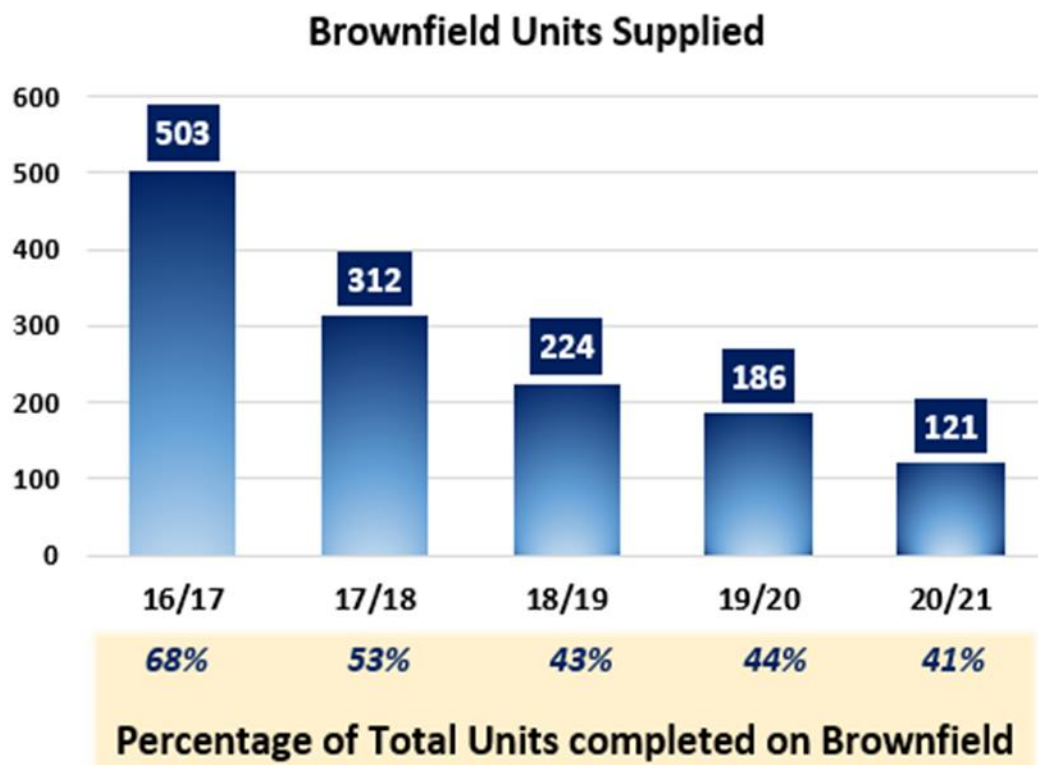


Figure 6 - Brownfield Units Supplied x Percentage of Total Units completed on Brownfield Sites

7. Creative Solutions?

What we can influence to promote appropriate delivery:

Review our Affordable Housing Threshold

Currently our threshold applies to sites of 15 units or more, this could be reduced to any site above 10 units in line with NPPF guidelines. This threshold is to be reviewed in the revising of the New Local Plan and will be determined by various technical factors that will produce a viable threshold number for the delivery of Affordable Housing in the Blaby District.

Continue to nurture our relationships with Strategic Partner RP's

This can be achieved by continuing to prioritise Affordable Housing Schemes through the planning process and continuing to resolve issues through the Affordable Housing Group across departments.

Utilise Council owned assets for potential affordable housing

There are numerous Council owned assets that have potential to provide Affordable Housing for the Blaby District, such as; the old depot site in Littlethorpe, College Road and High Street in Whetstone.

Negotiate the appropriate mix of housing (Size and Tenure)

This can be achieved by providing developers / RPs with an evidence base of local and district need for all applications and by also ensuring that the appropriate number of affordable dwellings is provided on site (currently 25%). Also being explored with our RP partners are ways in which we can introduce new tenure types that can be provided above our 25% on Market led sites (e.g Right Plus – renting leading to eventual purchase).

Continue to engage with the Rural Housing Group Consortium

This can allow the team to explore potential Rural Exception Sites outside normal planning rules.

Use our lessons learned from Lubbesthorpe

By learning from the lessons from the development of Lubbesthorpe we can aim to ensure affordable housing delivery is not negatively impacted by other constraints on potential SUE's (Whetstone Pastures / Stoney Stanton SUE).

Specialist Housing Delivery

Officers are currently trying hard to diversify our affordable housing stock to include more supported housing for both older residents (Extra Care, Dementia Friendly) but also working age adults (Currently in our pipeline are two specialist units - one for those suffering Mental Health issues and one for residents with Learning Difficulties).

MMC

Blaby District Council are also committed to seek out opportunities to move towards sites built with Modern Methods of Construction (MMC).

8. Conclusions and Recommendations

The Working Group's initial scope and key tasks were to:

- Investigate what policy adjustments can be suggested/implemented that may increase our delivery of affordable housing within our District.
- Including what we can change/improve in our local plan to accommodate the above objective.
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- Review the need for viability assessments where a contribution is made (RP's need to provide financial info for homes England / viability assessments have always proved the need for contribution).

After receiving a presentation from the Housing Services Team and East Midlands Homes, it became apparent to Members that many of the key tasks above that were set at the scoping meeting are heavily restrained by national policies and the work of the Local Plan. Therefore, this has constrained the Live Scrutiny Working Group as to what recommendations could be proposed that would try to alleviate the current strains on delivering Affordable Housing within Blaby District. After many detailed discussions, the Live Scrutiny Working Group hereby recommends the following:

1. That Members continue to respond robustly to consultation in respect of the National Planning Policy Framework, where policies are proposed which encourage the increase of Affordable Home Ownership and where this is at the expense of other tenures which are needed in the Blaby District.
2. That Blaby District Council continue to support and grow relationships with housing providers and strategic partners and to continue to research and identify funding opportunities that will help Affordable Housing projects increase across the District.
3. That Blaby District Council work with housing providers to investigate new forms of housing such as passivhaus that are also sustainable and contribute towards the green agenda.
4. That Scrutiny Commission is updated every 6-12 months on the need of Affordable Housing and new ways in which Affordable Housing sites can be achieved through different types of methods e.g. Modular Homes.
5. That all Members receive in depth training on the topic of Affordable Housing from relevant Officers.
6. That Members note the increasing need for temporary accommodation due to the growing number of families and single households becoming homeless and the pressures and demands that this puts on the service.