

Corporate Strategy

Housing

Helping to deliver more of the right homes
for Eastleigh Borough





Summary

This strategy document has been prepared to help the Council develop action plans, agree priorities and make decisions, in order to meet its longer term objective of increasing the provision of the right type of new homes in the Borough.

Housebuilding is increasingly recognised as a key driver of economic growth in the south east, as it boosts jobs, secures investment in all types of infrastructure, generates tax revenue and means new affordable homes are built.

To support our aim of sustaining the Borough's prosperity, this strategy is about tackling a backlog of undersupply of new housing, and delivering new homes to address local unmet needs. This supports our vision of developing a strong and sustainable economy that supports improved standards of living for residents in Eastleigh Borough.

This strategy document explains in more detail not just what we want to achieve, but how we will achieve this in the context of housing delivery, including how we will measure success.

Whilst we are not a stock-holding authority, or a housebuilder, we are committed to increasing the housing supply for the community across all tenures (including home-ownership and renting). We are becoming a housing delivery enabler and taking responsibility for making development happen in the area. This document sets out a strategy for delivering this aspiration.

The main outcome measure is the number of additional homes. Through innovation, ambition and a clear programme, we will work to ensure at least 729 new homes are delivered each year in the Borough.

Our strategy is to work across our services, and with strategic partners, to deliver a housing programme. The programme will ensure we maximise our ability as a local authority to enable housing delivery, and secure enough deliverable sites to maintain five years' worth of housing land.

Where there are opportunities to secure infrastructure, get the best outcomes for communities, or boost housebuilding where the market is not able to deliver, we will intervene. Such approaches will enable us to be more in control of housing provision, and not left waiting for the private sector to implement their development schemes.

This strategy document is a living document which will be monitored and reviewed as we continually measure our performance. As new insight emerges, alongside new opportunities and different challenges, we will check whether this document is still fit for purpose, and the approach to intervention is helping us to better meet local housing needs.



1. The vision for intervening in local housing delivery

Our vision is to create homes and communities in the Borough to meet residents' current needs and support population and economic growth. To help support a buoyant house market, it is essential that there is a sufficient supply of suitable, high-quality homes that can meet the diverse needs of residents both now and in the future. Building new homes provides opportunities for people looking for affordable rent, or a new home to meet their changing needs. The Corporate Plan 2015-2025 sets our commitment towards achieving a sufficient supply of suitable, quality homes. We've made the strategic decision to intervene in housing delivery, through a dedicated housing delivery programme. Our intervention allows us to tackle unimplemented planning consents, realise the added benefits of upfront infrastructure provision, and improve conventional build out rates.

2. Where are we now?



Strengths	Disadvantages
<ul style="list-style-type: none"> ▶ Housebuilding locally is now picking up, and in 2016/17 the rate of completions returned to levels achieved a decade ago. ▶ In 2013 we began working with First Wessex (now VIVID) and Radian Housing Associations and Fareham BC to establish a partnership to actively enter the housing market and facilitate the development of sites (a Special Purpose Vehicle called Aspect Building Communities Limited). 	<ul style="list-style-type: none"> ▶ Slowdown in housebuilding following the recession (significant backlog of undersupply since 2011 and a need to return to, and maintain, pre-2007 levels of housebuilding). ▶ Major housebuilders typically operate a standard delivery model and this is linked to the house buying market, and availability of finance. ▶ Risk associated with relying solely on the market to deliver much needed new homes.
Opportunities	Challenges
<ul style="list-style-type: none"> ▶ Government committed to getting the country building again and 'fixing the broken housing market'. ▶ Home-ownership continues as an aspiration for most. ▶ Local government increasingly playing a role in diversifying the housebuilding market - in many cases maximising its position as landowner, regulator and the ability to access finance. ▶ Able to secure loans from the Public Work Loans Board to fund capital investment. ▶ Learning from other Councils as more engage in housing activity. ▶ Homes England and other funding opportunities. 	<ul style="list-style-type: none"> ▶ Complex problem - many factors have been cited for delaying developers in the implementation of their schemes. ▶ Affordability - over the last 15 years the gap between the cost of housing and household incomes has widened. ▶ Increasingly difficult for a significant proportion of the community, especially young people, to find suitable housing which they can afford. ▶ Ageing population and changing accommodation needs. ▶ Probability of future market downturn - Council investments need to take account of the cyclical nature of the market in assessing risk.

Whether buying or renting, housing is increasingly unaffordable. In Britain the average house costs almost eight times the average earnings. In Eastleigh Borough house prices are 9.3 - 10.2 times higher than incomes. Whilst mortgage lenders are keen to attract business from first-time buyers, affordability criteria remain tight as indicated by a recent fall in mortgage approvals.

High house prices in the Borough have contributed to an increase in the number of applicants on the Council's Homechoice register (in January 2018 the number was 2,000). Register data suggests the greatest demand is for 1 and 2 bedroom properties. Smaller units for example are by their nature cheaper to buy or rent, and also more affordable in terms of running costs.

The number of affordable dwellings delivered in the Borough each year has varied, but an assessment of need undertaken in 2017 revealed a need in future for 165 new affordable dwellings per year (2016-2036).



The housebuilding industry is not incentivised to deliver homes to meet the wide range of needs. For example in 2016-17, of the 517 completions, the highest proportion of house types was 3- bedroom houses (176 dwellings); 4-bedroom houses (110) and 2- bedroom flats (107). Low numbers of flats for older persons were built (only 27).

The cumulative impact of existing housing and planning policies - such as the 1 per cent annual rent reductions in the social rented sector, permitted development and the sale of homes through the Right to Buy - have reduced the ability of councils to secure genuinely affordable homes available at social rent. Funding and support is needed for the delivery of new rented homes for people on low and modest incomes whose employment underpins an economy on which we all depend.

The population of the Borough is likely to increase from 131,500 persons to 150,900 persons over the 20-year period 2016-36. The population in older age groups is projected to increase substantially during this period, with over two thirds (69%) of the overall population growth projected to be aged 65 or over and almost a half projected to be 75+.

Whilst most of these older people will already live in the area and many will not move from their current homes, those that do move home are likely to be looking for suitable housing, including downsizing opportunities or Extra Care housing. It is important that the delivery of specific schemes for specialist older person housing are considered in partnership with other agencies, in particular those responsible for older person support needs.

3. Where do we want to be?

We will know our strategic approach to delivery is being effective when the following outcomes are achieved:

- ▶ reduced backlog and undersupply of housing
- ▶ protecting against unsustainable speculative development
- ▶ meeting demand for decent market rental homes with security of tenancy
- ▶ economic aspirations achieved e.g. attract and retain workforce
- ▶ improved affordability ratio for Borough residents
- ▶ improved alignment between types of homes supplied and need (including improving options for older people)
- ▶ securing high standards of new homes/ accessible homes.

To meet the above outcomes, and boost local housing delivery, the Local Plan currently has a target of delivering 14,580 net additional dwellings from 2016-2036. The Council has committed to making housing provision in the emerging Local Plan in line with the requirement of the PUSH Spatial Position Statement¹. This equates to an annual average of 729 dwellings per year from 2016, and means we aim to make a contribution to meeting a housing shortfall identified in the rest of the wider housing market area.

1 PUSH Spatial Position Statement June 2016 www.push.gov.uk/item_12_-_appendix_1_-_position_statement.pdf



The main outcome measure is Number of net additional homes per annum. As shown below, the figure for 2016/17 was 517 dwellings.

Figure 1 Net additional dwellings completed per annum in Eastleigh Borough 2005-2017 (Source: HCC Land Supply Monitoring data)

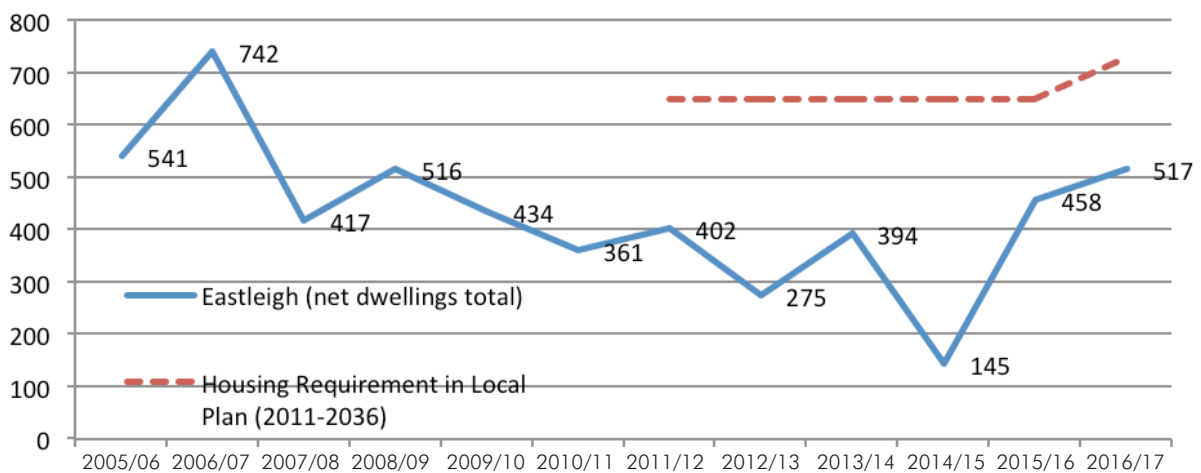


Figure 1 shows the housing policy requirement currently calculated for the Borough from 2011-2036. Whilst this is an average annual target, if the housing need target is not met one year this unmet need is 'rolled forward'. Planning authorities are required to demonstrate that at any point in time, over the next five years there will be enough homes coming through the planning system to meet this cumulative need. Every year that the objectively assessed housing requirement (currently 630 per annum) is not achieved, the undersupply is 'carried over' into the next year (or reporting period) (see figure 2). This means that whilst the Local Plan target is 729 net dwellings per annum

from 2016, there is clearly a need to address the backlog of supply by accelerating the rate of delivery over the next five years in particular. This protects us from 'hostile' unplanned development proposals.

A housing land supply for the Borough of 5.3 years was reported in December 2017, which is an increase from previous reports from 2017 which showed 5.22 years. Recent completions (see figure 1) have reduced the shortfall in housing provision which would otherwise be carried forward, and is partly why the five year land supply position has improved in 2017.

Figure 2 'Annual Housing Supply' requirements (including planning permissions) necessary to demonstrate five year's housing land supply at date of calculation (Source: GL Hearn Housing Land Supply Quarterly Monitoring)

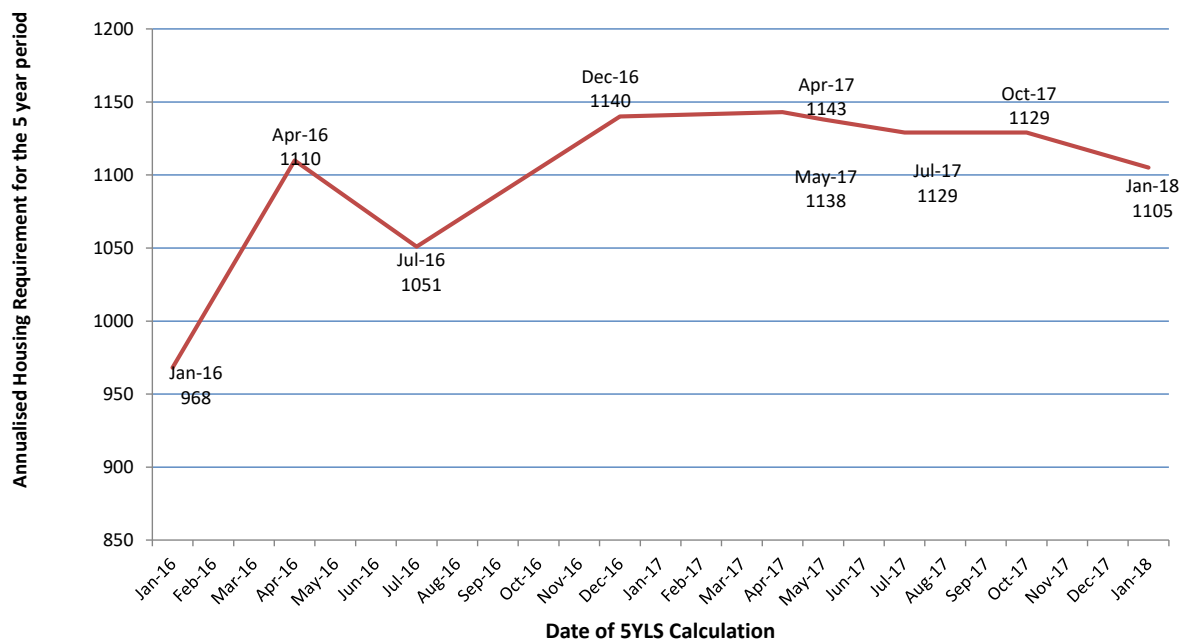


Figure 3 shows where the supply of dwellings is expected to come from in the next five years to meet the annual housing supply required (over 5,000 net dwellings by 2022).

In summary, we have a target to ensure that at least 729 net dwellings are built each year until 2036. In the next five years however, we must continue to take action to help enable the market to deliver approximately 5,000 dwellings, in order to reduce the annualised housing requirement (and help maintain at least five year's supply of housing land).

Figure 3 illustrates the need to boost the delivery rate of large sites which already have planning permission (approx. 4,000 dwellings), in order to realise the anticipated delivery rate needed over the next five years to tackle the undersupply. This is an ambitious target, and will require intervention by us and our partners to influence, prioritise and drive delivery.

We also have a direct role to play in delivering a component of these expected dwellings for market rent (Private Rented Sector), to widen opportunities for

local people to rent a decent home in the Borough. A target for the private rented sector delivered through our local housing company Aspect is 100 dwellings per year.

Growth in the private rented sector seems likely to continue, driven by a combination of demand and supply factors such as real term reduction in incomes, changing bank lending practices and reduction in the affordability of owner occupation. In Eastleigh Borough, the balance between affordable rent and private rent has changed significantly: almost one quarter of tenants rented privately in 1981 (6% out of 26%) whereas over half rented privately in 2011 (13% out of 25%).

A certain proportion of households may prefer renting due to personal circumstances and would remain renters regardless of the options for ownership available to them. A recent study of the Borough (ORS, 2017) also estimates that 3,500 households are identified as "would be" owner occupiers - they are able to rent market housing without financial support through housing benefit.

Figure 3 Target housing completion rates and anticipated source of supply by year (2017-2022)
(taken from GL Hearn five year land supply quarterly report December 2017)

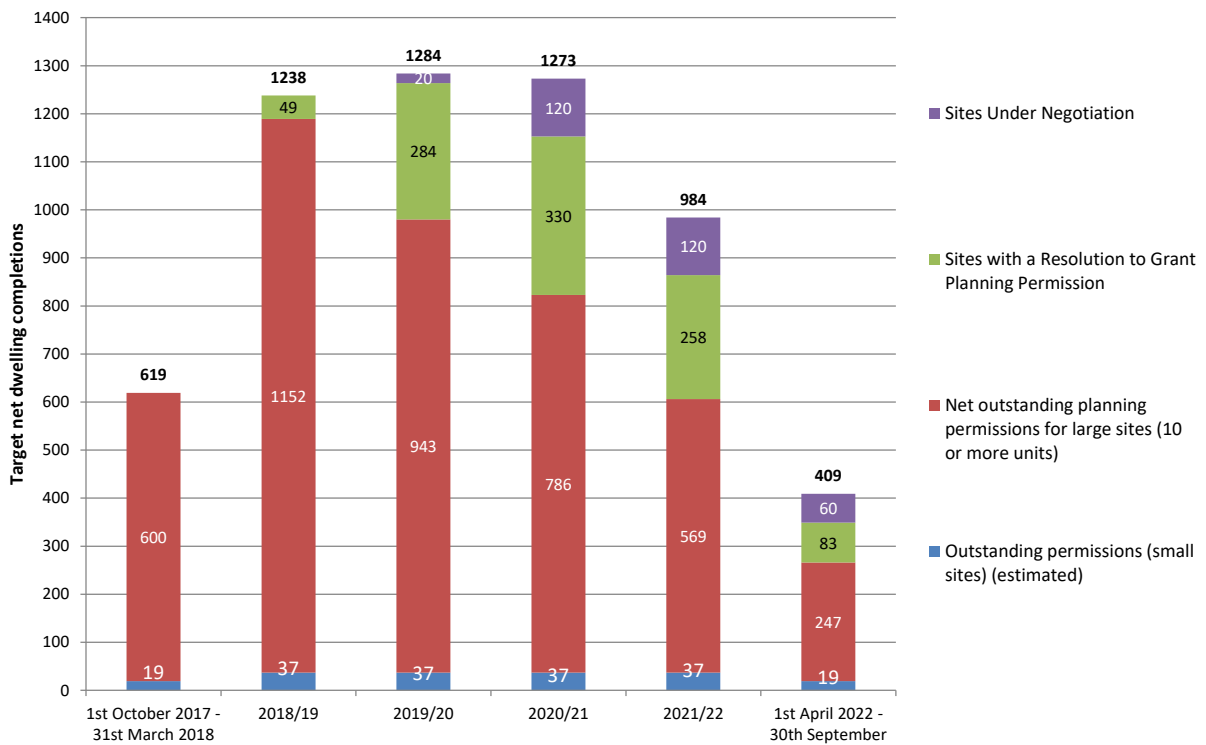
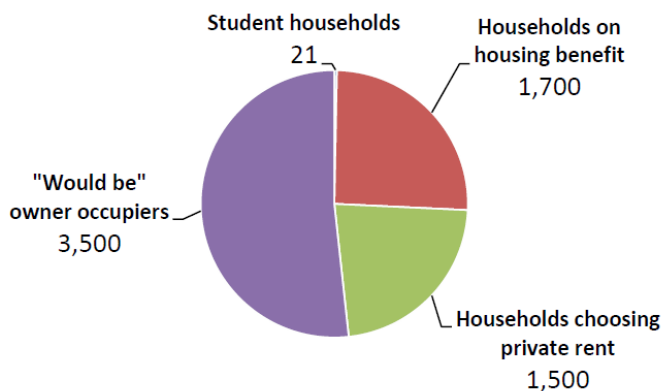


Figure 4 Mix of household types living in the private rented sector in Eastleigh Borough (UK Census 2011 and DWP-ORS 2017)



4. How will we achieve our aims?

Local authorities have a vital role in the planning, delivery and management of affordable homes. They acknowledge the need for a complex range of solutions to a long-term problem. There is no 'one size fits all' solution to unlocking housing sites faced with deliverability constraints.

To meet our corporate plan objective, we will work with others to:

- ▶ ensure there is a planned housing supply to meet residents' requirements for new housing in the Borough
- ▶ encourage a mix of housing types, tenure and sizes through planning policies and partnership working
- ▶ intervene in the local housing market to accelerate delivery of new homes.

Our strategic approach to accelerating delivery will involve:

Planning to meet needs

1. Planning for sufficient market and affordable housing provision through the Local Plan.
2. Continually working to identify housing requirements, demand and needs not being met by the private sector.
3. Widening the tenure mix and choice of new homes to meet the needs of current residents, the growing population, and those seeking to move into the Borough.
4. Seeking the maximum reasonable amount of affordable housing when negotiating on planning applications in accordance with planning policy targets.
5. Making available market rented stock with more secure tenancy.
6. Collaborating with the County Council and other partners on housing for older people.

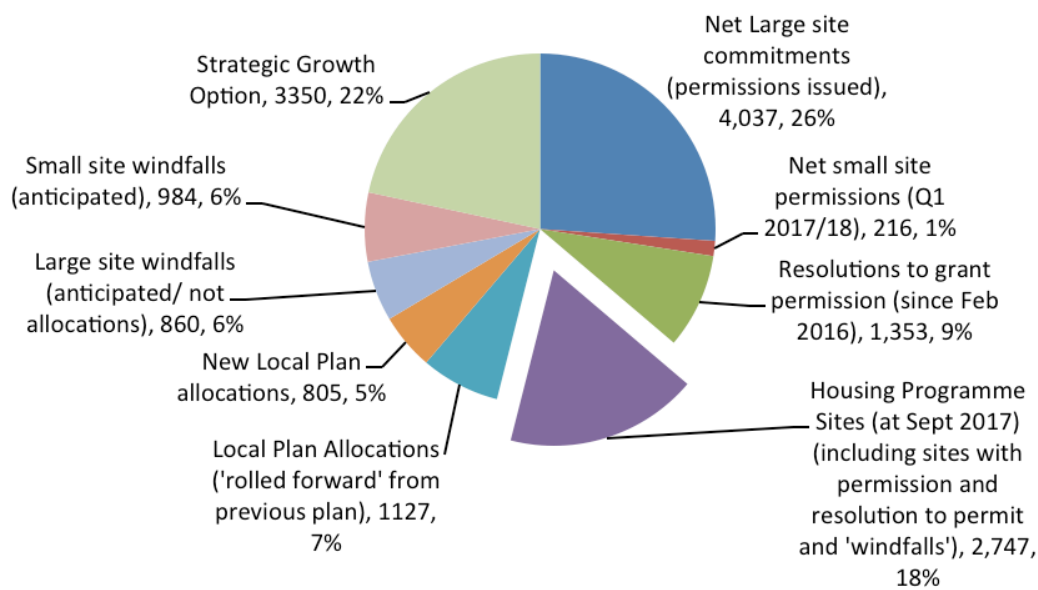
Supporting and enabling

7. Providing confidence to developers that we will work collaboratively on good quality development proposals and assist in early commencement, where this achieves sustainable development and upfront infrastructure where possible.
8. Taking a solution-oriented approach to converting consents into completions, to ensure approx. 4,000 completions by 2022 (achieving the projected housing delivery rate), e.g. help mitigate the sales risk by agreeing to purchase completed homes.
9. Proactively seeking out new and additional sources of funding to accelerate housing delivery through bids to Government and other agencies.

Intervention activities

10. Monitoring stalled development sites and intervening where necessary to facilitate delivery where there is marginal viability e.g. act as financier possibly through Aspect Building Communities Ltd.
11. Developing and maintaining a fit for purpose housing delivery function within the Council or in partnership with the private sector.
12. Developing a balanced rolling programme of capital projects to deliver new homes (approx. 100 per year) delivered in partnership with Registered Providers and the private sector (see Housing Delivery Programme).
13. Using surpluses generated from schemes to invest in less viable schemes.
14. Investing in land in an enabling capacity to 'pump prime' funding of developments
15. Monitoring the regional and national context and being at the forefront of opportunities and anticipating new challenges associated with local housing delivery
16. Having an 'open door' policy to considering potential investors and development partners policy to considering potential investors and development partners (including Homes England); and encouraging new entrants into the industry to diversify sources of supply.

Figure 5 Number of net dwellings planned for delivery 2016-2036 (by source) (data from Local Plan Housing Trajectory April 2016)



5. Our Housing Delivery Programme

Figure 5 above shows that up to 2036, the Local Plan makes provision for the delivery of around 15,000 new homes - delivered by the private sector housebuilders, Registered Providers and through our Special Purpose Vehicle (Aspect local housing company). Around 18% of these new homes currently feature in our dedicated Housing Delivery Programme, where additional resources are committed to enabling commencement on these sites, rather than relying on the private sector. Over the next five years, the contribution that the sites which we will directly intervene in will represent approximately 30% of the annual overall completions.

Over time, this proportion needs to be monitored as part of the Housing Delivery Programme, to understand the impact that intervention is having on accelerating and boosting housing supply. This is already an ambitious target however, the time-lag between issuing of planning permissions and first completions also means the impact of intervention today will not be realised immediately.

To accelerate delivery to at least 729 dwellings per year, we are already intervening to enable quicker delivery of brownfield sites and other land allocated for housing. We have committed to continue this

intervention in the next few years (see figure 6). In terms of priorities, we will consider intervention based on the following (and in accordance with planning policy):

- ▶ Sites where delivery will meet the housing needs of those not eligible for affordable homes or able to afford market homes for rent (e.g. PRS).
- ▶ Sites where delivery would provide high quality affordable homes
- ▶ Sites which can achieve accelerated construction e.g. high quality modular
- ▶ Sites where delivery will provide accommodation which meets older persons needs
- ▶ Sites where accelerated delivery would achieve other community and infrastructure objectives
- ▶ Sites where public sector investment would provide commercial return for the Council and contribute positively to the Council's property portfolio (e.g. long term rental income)
- ▶ Schemes where intervention would ensure efficient use of sites- maximising yields within environmental limits (appropriate densities).

6. How will we know if we are successful?

Activities to deliver this strategy will be carried out by a number of teams across the Council. The core activities will be captured in the **Housing Delivery Programme plan**. Key dependent activities such as the development management service, planning policy and masterplanning future growth areas will be captured in the other operational plans and be delivered by relevant teams.

Quarterly we will track and measure the success and impact of our activities. The main outcome measures for this strategic plan are:

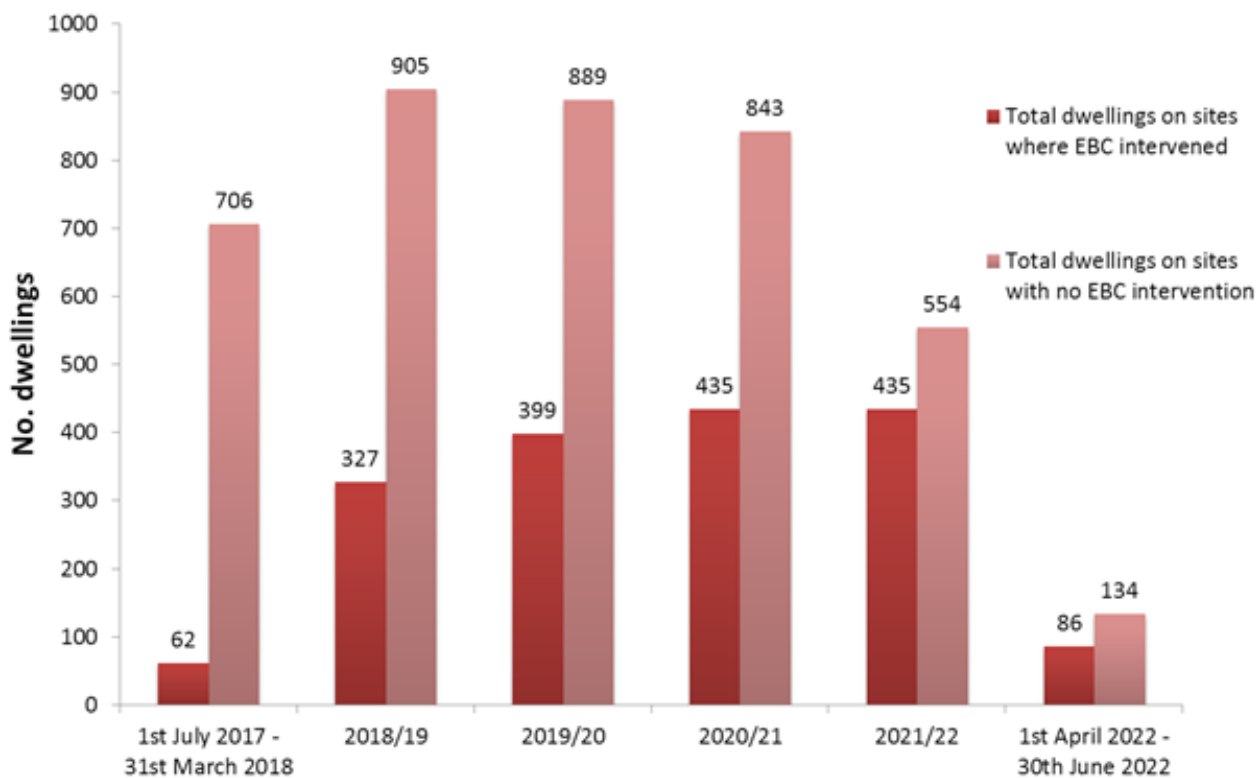
1. number of **net additional homes** per annum, in accordance with the Local Plan targets
2. maintaining a **five year land supply** of housing sites (currently measured quarterly)

3. preparation of the Eastleigh Borough Local Plan in accordance with the **approved timetable**

We will also monitor the size, type, tenure and quality of new homes to ensure other objectives are being met, plus demand for affordable homes (number of households registered on Hampshire Home Choice).



Figure 6 Proportion of 5 Year land supply (No. dwellings) projected to be delivered through EBC intervention (Housing Programme) per year (based on GLJHearn 5YLS quarterly report Dec 2017)





7. Next steps - supporting strategies

The corporate plan objective of increasing the provision and more diverse mix of housing will be supported by service planning (as explained above), and supporting strategies. To meet the strategic approach set out above, the following strategies will need to be prepared:

- ▶ **Eastleigh Borough Local Plan 2016-2036** (currently being prepared). This will provide a trajectory and strategy for when, where and how these dwellings will be delivered. The Local Plan will give us control over where this new housing is and provide a framework to bring forward schemes.
- ▶ **Housing Strategy** (current version for revision for 2018-2023). This will set out

priorities for our housing services and housing enabling activities.

- ▶ **New Homes Development Strategy** (to be prepared for 2018-2023). This will set out in detail what we intend to build, for whom and how we will ensure that we deliver high quality homes in a cost effective way. We will set out our overall aims for the next five years and what added value and initiatives our development programme can bring. The Strategy will form the framework against which to evaluate development opportunities and decide whether to proceed with a project.
- ▶ **Asset Management Strategy** (current version for revision 2018-2021). This will include approaches to acquisitions for revenue generation from investment property, housing delivery and regeneration purposes.