



## **Rural Area Working Party 24 January 2013**

### **Evidencing Rural Housing Need**

#### **1. Purpose**

- 1.1 To propose changes to the current method of evidencing housing need in rural areas to support development of rural exception schemes. These changes are closely linked with the Rural Profiling Project.

#### **2. Background**

- 2.1 Planning Policy RU8 states that, as an exception to the provision for housing demand, the local planning authority will permit rural affordable housing schemes adjoining but outside of a housing settlement boundary or built up area of a village, provided that the development will meet or assist in meeting a proven need for affordable housing in the locality. Policy RU8 will be superseded by a Development Management Policy which has now finished the final round of consultation, the draft of which does not change the current policy position.
- 2.2 Traditionally, in order to evidence housing need in support of an exception site, housing officers and the Parish Council have worked with Suffolk ACRE to carry out a housing need survey of the parish. Once the need has been established a Registered Provider has been selected to take the development forward, working with the parish and planning officers to identify a suitable site. The scheme is then dependant on the Registered Provider financing the scheme with additional financial support from the Homes and Communities Agency to allow it to come forward.
- 2.3 The Borough Council in partnership with local communities and Registered Providers have successfully developed a number of much needed rural homes in this way including recently completed schemes at Bardwell and Cavendish.

#### **3. Current Position**

- 3.1 The way affordable housing is funded has changed, the Government has allowed Registered Providers to charge rents of up to 80% market rent in order that they can borrow more private finance, and in return the level of financial support has been reduced by approximately £40,000 per home. Registered Providers are currently contracted with the Homes

and Communities Agency to deliver an agreed number of homes by March 2015, for which they receive grant funding. There is no certainty of funding beyond 2015 and Registered Providers are beginning to plan for further reductions in grant levels. In order to maximise the number of affordable homes built in the Borough the Council must assist Registered Providers to move quickly to deliver homes before 2015 where possible, but also be cautious about raising expectations of delivery in villages after 2015 until we are more certain of future direction. It will be important for the Borough Council to work with its partners to review how we fund affordable housing in rural areas in the future, this will be the subject of a separate report to the Working Party once more information is available.

- 3.2 The Borough Council's partnership with Suffolk ACRE to carry out housing needs surveys has cost implications for both the Council and Registered Providers. Suffolk ACRE has reviewed the relationship it has with both Councils and Registered Providers and are proposing more formal arrangements introducing a 5 year contract term. Both local authorities and Registered Providers across Suffolk have concerns about this partly due to the uncertainties regarding future funding for affordable housing. While the Borough Council is finalising the way forward with the Rural Profiling Project it is an opportunity to review how evidence is provided of housing need and whether housing needs surveys in partnership with Suffolk ACRE are the most appropriate, cost effective and timely way to evidence housing need.

#### **4. Housing Needs Surveys**

- 4.1 The current process of carrying out housing needs surveys is initiated usually by the Parish Council who recognises the potential housing need and wishes to work to provide a solution.
- 4.2 Carrying out a survey from start to finish can typically take 6 months to complete. There is then the process of appointing a Registered Provider and beginning to identify potential sites which is also time consuming. The time taken to get from survey results to bringing forward a planning application can mean that in some cases the data is too old to provide meaningful evidence, for example a planning application will shortly be submitted for a rural scheme which had the survey completed in 2006.
- 4.3 The data received back from the survey is only an indication of housing need in so far as all households in the locality are invited to complete the survey but return rates are typically between 30% and 40%. The concluding recommendations made by Suffolk ACRE are typically equal to 50% of the presenting housing need; the justification for this is that experience indicates that to be right level of housing provision.
- 4.4 A further draw back with the current housing needs survey is that whilst it identifies housing need it does not show best solutions; for example it may be better to provide smaller homes for people to downsize into rather than build more family homes.

4.5 The housing needs survey does however provide an opportunity to engage with the parish and begin to gather views regarding support for a housing scheme or not, as well as beginning to gather information regarding potential sites etc.

## **5. Alternatives to a Housing Need Survey**

5.1 The Borough Council working with in partnership with the Cambridge Housing Sub-Region jointly funds a Strategic Housing Market Assessment. This follows Government guidance on assessing housing need and is accepted by planning authorities and developers as robust evidence of housing need. The Cambridge Housing Sub-Region Strategic Housing Market Assessment has the additional benefit of having a rolling programme of updates and quarterly market updates. The limitations of this assessment are that the data is at a Borough level.

5.2 The housing register provides further more localised evidence; officers can identify from the register the number of applicants who have indicated particular villages as their preference as well as their housing need. The demand for properties recently let, can also be reviewed by showing the number of bids per property type. This data is reviewed on a regular basis to ensure those in actual housing need and actively bidding on properties remain on the list. Data from the housing register can be reported on quickly with no need for additional work. This data can also be further refined by working with the County Council and its data to look at specific needs, for example, the impact of an ageing population.

5.3 Presently, the housing register gives insufficient information regarding local connection; however this is currently being addressed.

5.4 It is possible therefore from both the Strategic Housing Market Assessment and the housing register to evidence both the need for affordable housing and the likely property types required in any locality. The advantage of using this data is that it is a quick process and can be updated as and when necessary.

5.5 The Borough Council already pays an annual contribution for the Strategic Housing Market Assessment and continuing to pay Suffolk ACRE could be considered to be duplication.

5.6 It would be a reasonable conclusion that the use of surveys provides little in the way of additional evidence to that the Borough Council currently has by ready access to the Strategic Housing Market Assessment and the housing register.

5.7 It would appear that other Councils are also considering whether it is necessary to continue with housing needs surveys, for example East Cambridgeshire District Council do not always carry out surveys and use other forms of evidence as appropriate.

## **6. Proposed Change**

- 6.1 It is proposed that the Borough Council stops carrying out housing needs surveys and evidence future housing schemes in the following way:
- 6.1.1 Carry out borough-wide assessment of rural housing, focusing on key service centres, service centres and infill villages. This assessment would be undertaken using the Strategic Housing Market Assessment, housing register and other data. This work could be completed within 3 months and then updated annually thereafter.
  - 6.1.2 This assessment would allow the Borough Council to map localities showing the greatest housing need, thus providing a strategic overview which could then be used to determine future development priorities. This will allow the Council to be responsive to future opportunities and will be particularly useful once the situation regarding funding post-March 2015 is clearer.
  - 6.1.3 The assessment will provide a mandate to engage with Parish Councils and work with local communities to shape solutions. This would then link in with the draft Rural Vision 2031 and the work currently being developed around rural profiling.
  - 6.1.4 The Council may be approached by individual parishes who are concerned about housing need in their locality and based on the information from the assessment, it will be in a better position to advise accordingly and work with them on potential solutions.

## **7. Risks of proposed change**

- 7.1 The new way of working would change the Borough Council's relationship with Suffolk ACRE as essentially the Council would carry out much of the work using existing staff resources and data. The Council has enjoyed positive relationships with Suffolk ACRE over many years, however, it is important to manage the process of evidencing schemes in the future and to be best placed to respond quickly to policy changes and funding opportunities as they emerge, if the Council is to continue to secure affordable housing for its rural localities in the future.
- 7.2 The new way of working would not seriously change the relationship with Parish Councils; the Council would be better informed when being approached by, or when responding to enquires from, them.
- 7.3 Registered providers have been consulted and have serious reservations about the cost implications of working through Suffolk ACRE. Advice has been received from one Registered Provider that the cost was equal to that of Architects' fees for a scheme. Partners have expressed their support for working in a different way to evidence schemes, especially if this would help to drive down costs.

- 7.4 Planning policy officers are supportive of the changes being proposed.
- 7.5 The work associated with the new proposals would be carried out in-house with existing staffing resources, if there was a need for any additional work once the Council starts engaging with the community there is a an annual budget of £10,000 for this.

## **8. Recommendation**

- 8.1 The Working Party are asked to consider and agree the proposed change to evidencing rural housing need outlined in paragraph 6.1 of Report D257 and to make a recommendation to Cabinet that this be approved.

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