

OVERVIEW & SCRUTINY COMMITTEE

CHAIRMAN: Cllr Mike Haines

DATE: 4th March 2019
REPORT OF: Housing Enabling and Development Manager
SUBJECT: Housing Affordability Report

PART I

RECOMMENDATIONS

1. To note the contents of the report and to propose any additional actions to be taken to address housing affordability across Teignbridge.

1. PURPOSE

To update Members of the Overview and Scrutiny Committee in respect of the affordability of housing in Teignbridge detailed in the report Housing Services Housing Affordability Report (Appendix 1)

2. BACKGROUND

2.1 Teignbridge Average (and Lower Quartile Wages) are very low – ranking in the bottom 10% of predominantly rural local authorities, and much lower than national averages.

2.2 Average (Mean) wages from 2016 in Teignbridge are **£22,818** per annum
Lower Quartile wages from 2016 in Teignbridge are **£12,775** per annum
(Annual Survey of Hours and Earnings - ASHE data)

2.3 When comparing local housing costs to local average incomes, the report shows affordability problems for most housing tenures in Teignbridge. Most housing tenures require double income households and above average incomes.

2.4 Shared ownership (40%) is evidenced in this report to be the most affordable form of affordable home ownership (intermediate affordable housing) for households on local average incomes.

2.5 80% discounted affordable home ownership is only affordable to double income local average earning households.

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2.6 Most private rents are only affordable to double earning local average income households. Even then, the amount of private rent payable leaves little capacity to save for a home ownership deposit.

2.7 Private rental opportunities in rural areas of Teignbridge are scarce and those which are available are less affordable than their urban comparables.

2.8 96% of Households registered on Devon Home Choice for the Teignbridge area do not have sufficient income or savings to afford any form of home ownership.

2.9 Market private rents now far exceed the local housing allowance benefit levels (which has been frozen for a number of years).

2.10 A summary of the housing affordability findings is represented in the table below to illustrate what the findings have shown about housing options for household income groups. The table shows the situation for a two bedroomed housing need.

2018 Teignbridge District housing affordability report summary table

Household Income	Market purchase	80% discounted affordable housing purchase	40% shared ownership	Private rent	Affordable Rent	Social Rent
More than £80,000	✓	✓	✓	✓	✓	✓
£80,000 - £60,000	✓	✓	✓	✓	✓	✓
£60,000 - £45,000	X	✓	✓	✓	✓	✓
£45,000 – £30,000	X	X	✓	✓	✓	✓
£30,000 – £20,000	X	X	X	✓	✓	✓
Less than £20,000	X	X	X	✓	✓	✓

✓	Local average income band – single earning household @ < £22,818
✓	Local average income band - double earning household @ < £45,636
X	Unaffordable for local average income households

Affordable Housing Delivery since 2009 / 2010

2.11 The Teignbridge Local Plan sets targets for affordable housing delivery. These targets have been exceeded year on year as indicated below.

2.12 Over the past 9 years in excess of 1,400 new affordable homes have been delivered across Teignbridge including the Dartmoor National Park This has exceeded

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our targets by 31%. Likewise when measured from the adoption of the Local Plan in 2013/2014.

	Target	Rent	Intermediate	Actual
Since Local Plan 13/14	686	606	296	902 Target exceeded

	Target	Rented	Intermediate	Total
2009/2010	100	138	36	174
2010/2011	150	111	37	148
2011/2012	80	82	18	100
2012/2013	80	61	57	118
2013/2014	80	143	113	256
2014/2015	176	161	34	195
2015/2016	124	71	37	108
2016/2017	153	114	59	173
2017/2018	153	117	53	170
Average		69.2%	30.8%	100%
	Target	Rent	Intermediate	Actual
9 year total	1096	998	444	1442 Target exceeded

2.13 Over this time period the delivery has been targeted to meet the broad range of all housing need of the district.

Area of Need	Action taken to meet the need.
Devon Home Choice	70% of delivery rented homes
Home Ownership	444 intermediate properties including the Teignbridge DC Shared Equity Scheme.
Homelessness	Domestic Violence Safe House and Albany House, Newton Abbot Temporary Accommodation
Learning Difficulties	Scheme with the Robert Owen Community, Newton Abbot
Elderly / Dementia	Haydon Court Extra Care Scheme, Newton Abbot
Gypsies and Travellers	Haldon Ridge Traveller Site and its extension, Kennford.
Downsizers	Shutterton Dawlish apartments at social rents
Custom and Self Build	CLT scheme in Broadhempston and proposals to deliver Council led affordable custom and self-build homes.
High Eco Standards	Passivhaus scheme at Christow
Empty Homes	Scheme to bring empty residential and commercial buildings back into use to meet homelessness needs
Rural Needs being met across Teignbridge	344 homes in rural areas with 100 delivered on Exception Sites
Disabled clients	Over 5% of delivery fully wheelchair accessible.

2.14 However, during this time period the Government policies with regard to affordable housing changed with the emphasis moving towards the delivery of affordable homes at “affordable” rather than “social” rent levels. This shift of emphasis

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from a capital subsidy to a revenue subsidy had the effect of rents increasing broadly by 30% putting pressure on affordability for the tenant.

What is the current position nationally and locally?

2.15 A major review published in January 2019 by housing charity Shelter, commissioned in the wake of the Grenfell Tower disaster, urges ministers to invest £214bn in a 20-year housebuilding programme that will “reverse the decay” of social mobility in Britain. The report states an additional three million one hundred thousand social homes are needed to solve the housing crisis.

2.16 This equates nationally to 155,000 new affordable homes per year. The report accepts that in order to deliver this level of affordable homes the overall delivery of market and affordable housing would need to be on a 50/50 split of affordable and open market homes. On a population pro rata basis this would require 285 new affordable homes in Teignbridge, requiring affordable delivery to increase by 90% from the current average of 160 per year. Unless substantial grant subsidy (estimated by the report authors to be £72,600 per home on average) was achievable then inevitably the increased number of affordable homes would require more open market homes to be built in Teignbridge to cross subsidise and make this level of delivery viable.

2.17 Locally, Teignbridge’s rising affordability ratios have been recognised by Homes England (formerly the Homes and Communities Agency). In June 2018 they produced an addendum to the Affordable Housing Grant bidding guidance by publishing a list of Local Authorities with high affordability ratios, including Teignbridge, where Registered Providers can bid for higher levels of grant to deliver homes as *social* rather than *affordable* rents

So what is The Housing Service doing to address this issue?

2.18 Housing Officers are engaged in a series of actions both strategic and operational to address affordability, detailed below.

Strategic Actions –

a	Updating the Tenancy Strategy, which is the subject of a separate but related report.
b	We have updated the Partnership Agreement with our Registered Housing Association Providers to ensure Affordable Rents are “capped” at Local Housing Allowance Rates and not stretched to 80% of a market rent which in certain circumstances is higher than Local Housing Allowance rates
c	We will be reviewing our Housing Strategy during 2019/2020 as it enters the last year of its five year lifespan.
d	We are working with Planning colleagues to ensure affordability concerns are addressed within the Greater Exeter Strategic Partnership

Operational

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a	Encouraging Registered Housing Association Providers to bid to Homes England for grant levels that enable rented homes to be delivered as Social Rented properties. This is possible due to Homes England publishing tables of the Districts with the highest affordability ratios, Teignbridge being within this list.
b	Continue to support Shared Ownership as the most affordable intermediate housing product but still ensuring 70% of affordable housing delivery is rented housing.
c	Continuing to meet the needs of all aspects of housing need across Teignbridge as detailed in section 2.13 of this report.
d	Working with new affordable housing providers such as Rent Plus who provide a rent to purchase model which allows assistance with deposits and savings schemes.
e	Proposals to reintroduce the Councils successful Shared Equity scheme to assist first time buyers.
f	Delivering our own affordable housing on our own land. Schemes are currently being worked up on two Teignbridge owned sites in Newton Abbot. Members are already aware of the desire to maximise affordable housing opportunities within the Bradley Lane, Newton Abbot land within the Councils ownership.
g	Promoting and supporting Custom and Self Build homes as an affordable housing product on single plot exception sites.
h	Reducing care and support costs by the provision of fully wheelchair adapted housing for clients in need of this specialist accommodation.
i	Continuing to work in a proactive way with our Parish Councils to increase our current pipeline of 135 dwelling community led housing schemes

3. GROUPS TO BE CONSULTED

3.1 This report compliments the Tenancy Strategy report which has been fully consulted upon with all Registered Provider / Housing Associations with housing stock in Teignbridge.

4. WITNESSES TO BE CALLED

4.1 None

5. CONCLUSION

5.1 This report provides a narrative of the current affordability issues both nationally and locally and what Housing Services are doing with its partners to address this issue.

Graham Davey
Housing Enabling and Development Manager

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Wards affected	<i>All</i>
Contact for any more information	<i>Graham Davey</i>
Background Papers (For Part I reports only)	<i>Housing Services Housing affordability report</i>
Key Decision	<i>No</i>
In Forward Plan	<i>Yes</i>
In O & S Work Programme	<i>Yes</i>