

Bromsgrove District Council

Overview & Scrutiny Board

Affordable Housing

23 July 2024

1 Introduction

- 1.1 This briefing note has been prepared for the Overview & Scrutiny Board on the delivery of affordable housing in the district. It covers the definition of affordable housing, number and size of the affordable housing delivered, housing register information and affordable housing need and future delivery.

2 Definition of affordable housing

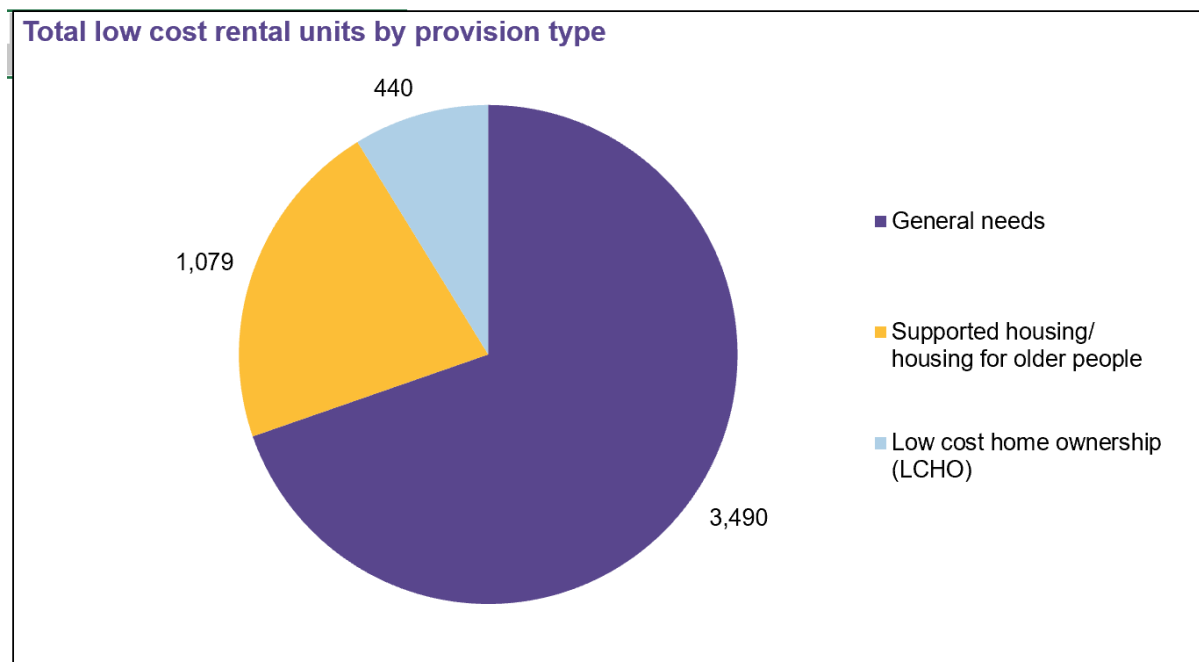
- 2.1 There is no statutory definition of affordable housing in England. The Government's National Planning Policy Framework (NPPF) defines for planning purposes the types of affordable housing as Affordable Housing for Rent and Affordable Housing for Sale. Affordable housing includes homes for sale or rent and is for people whose needs are not met by the private market. While the NPPF defines the types of affordable housing it doesn't provide a definition of what is affordable.

Type or tenure	Description
Social rent	These properties are provided registered providers. The rent for these properties will be set at a level dictated by the national rent regime. Social rented properties are the most affordable being approximately 45/50 % of open market private rents.
Affordable rent	These properties are provided by registered providers and are subject to a control that requires the level to be no more than 80% of local market rent inclusive of any service charges.
Affordable home ownership	This is a term covering different affordable purchase products, it is also sometimes referred to as low-cost home ownership and can be included under an intermediate affordable housing definition. This includes First Homes and low-cost discounted sale.

Shared ownership	Households purchase a share of the property (10% upwards) usually from a Registered Provider and the remaining share is rented. Future shares can be purchased and the property could be brought outright, however this option is restricted if the property is part of a rural exception site or area identified in the Housing (Right to Enfranchise) (Designated Protected Areas) (England) Order 2009 maps which is restricted to 80% or where the leaseholder is permitted to acquire more than 80% up to full ownership, then there is an obligation on the landlord specified in the lease that commits them to repurchase the home when the leaseholder wishes to sell.
Shared equity	In Bromsgrove the Council owns 30% equity in 109 Low-Cost Housing units. The owner can either purchase the 30% off the Council or sell on the open market at 100% of open market value and repay the Council the 30% share.
Build to Rent and Rent to Buy	These properties are usually built as blocks of flats. The property is rented for a set period during which time the tenant saves enough for a deposit to purchase the property at the end of the rental term.

3 Number of affordable homes

3.1 In 2023 the number of affordable homes in the district was 5,009. The diagram below shows the provision type.



3.2 Affordable Homes in Bromsgrove

Number of social stock owning providers in area 2023		Total Social Stock	% of RPs total Social Stock	General needs self-contained units	% of RPs total general needs self-contained stock	Supported housing/ housing for older people units	% of RPs total supported housing/ housing for older people stock	Low cost home ownership
All units:		5,009		3,490		1,079		440
1	Bromford Housing Association Limited	355	1.2%	284	1.1%	14	0.9%	57
2	Bromsgrove District Housing Trust Limited	3,725	93.3%	2,623	92.6%	916	100.0%	186
3	Bromsgrove United Charities	42	100.0%	-	-	42	100.0%	-
4	Citizen Housing Group Limited	262	0.9%	170	0.6%	26	2.2%	66
5	Clarion Housing Association Limited	2	0.0%	1	0.0%	-	-	1
6	GreenSquareAccord Limited	43	0.2%	-	-	18	0.6%	25
7	Halo Housing Association Limited	1	0.1%	-	-	1	0.1%	-
8	Housing 21	51	0.3%	-	-	51	0.3%	-
9	Inclusion Housing Community Interest Company	2	0.1%	-	-	2	0.1%	-
10	Longhurst Group Limited	6	0.0%	-	-	6	0.3%	-
11	Midland Heart Limited	129	0.4%	119	0.5%	-	-	10
12	Platform Housing Limited	269	0.6%	185	0.5%	-	-	84
13	Rooftop Housing Association Limited	17	0.3%	14	0.3%	3	0.4%	-
14	Southern Housing	51	0.1%	51	0.1%	-	-	-
15	Stonewater Limited	33	0.1%	22	0.1%	-	-	11
16	Walsall Housing Group Limited	21	0.1%	21	0.1%	-	-	-

4 Affordable Housing Need

4.1 The Housing and Economic Development Needs Assessment 2021 identifies that the total annual net affordable housing need in Bromsgrove is 92 per year. The tables below show the numbers of affordable housing delivered including the tenure and size of the properties.

4.2 Net completions from 2018/19 to 2023/24 by tenure

Year	Private (Net)	Affordable (Net)	Total (Net)	Affordable Housing percentage
2018/19	166	36	202	17.82%
2019/20	204	90	294	30.61%
2020/21	144	0	144	0%
2021/22	154	8	162	4.94%
2022/23	138	55	193	28.50%
2023/24	70	51	121	42.15%
Total	876	240	1116	21.51%

4.3 Affordable Housing Completions by tenure

Year	Affordable Rent	Intermediate Housing	Social Rent	Rent to Buy	Total Affordable
2018/19	12	7	17	-	36
2019/20	3	25	62	-	90
2020/21	0	0	0	-	0
2021/22	0	2	6	-	8
2022/23	10	12	29	4	55
2023/24	8	20	21	2	51
Total	33	66	135	6	240

4.5 Affordable Housing Completions by size

Year	1 bed	2 bed	3 bed	4 bed	5+ bed	Total
2018/19	12	13	7	4	0	36
2019/20	37	37	15	1	0	90
2020/21	0	0	0	0	0	0
2021/22	3	3	1	1	0	8
2022/23	18	22	14	1	0	55
2023/24	13	12	24	2	0	51
Total	83	87	61	9	0	240

4.6 The majority of affordable homes are delivered through contributions from developers secured through s.106 Town and Country Planning Act 1990

agreements. The Bromsgrove District Plan 2011-2030 policy BDP8.1 states that contributions will not be sought from developments of 10 units or less, and which have a maximum combined gross floorspace of no more than 1000 sq m. Where there is a net increase of 11 or more dwellings affordable housing provision will be expected on-site and will be calculated against the net number of new dwellings as follows:

- Up to 40% affordable housing (or a higher % if proposed) on greenfield sites or any site accommodating 200 or more dwellings.
- Up to 30% affordable housing (or a higher % if proposed) on brownfield sites accommodating less than 200 dwellings.

4.7 Number of applications on the Housing Register

Bromsgrove	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
One bed	1,599	1,001	1,426	1,758	1,590	1,563
Two bed	821	572	771	868	650	524
Three bed	357	249	355	404	322	250
Four + bed	85	13	87	95	74	38
Total	2,862	1,835	2,639	3,125	2,636	2,375

5 Future Affordable Housing Delivery

5.1 The Planning Policy Team have advised there are 601 affordable housing commitments as of 1 April 2024.

5.2 The delivery of affordable housing is facing several challenges which have impacted on the delivery of affordable housing especially wholly affordable housing sites. These are detailed below:

- **Funding constraints** – One of the key constraints facing RP's is the lack of funding available for development and the maintenance of social housing homes. Many social landlords are struggling to meet the loan covenants on their debt, they are required to maintain interest cover on their loans and this has become more difficult with inflation and interest rates remaining high. This is also exacerbated by build cost inflation, rising labour costs, material availability, building remediation issues and the duty to support tenants through a cost-of-living crisis.
- **Stock Refurbishment** – RP's have higher spending on existing housing stock. This has been because of damp and mould repairs, investment in energy efficiency to meet government targets, building safety works following Grenfell and inflationary costs.

- **Access to affordable** – RP's have already utilised their own land holdings and they are often outbid by private developers.

5.3 BDHT pipeline of affordable housing

Local Authority	Tenure	24/25	25/26	26/27	27/28
Bromsgrove	Social Rent	51	55	12	13
Bromsgrove	Shared Ownership	14	13	42	15
Totals:		65	68	54	28

Appendix 1.

Additional questions raised:

- 1) Provide a definition of 'affordable housing' / and distinguish how this differs from 'affordability'. Also, how 'affordable' differs depending on the location within District (i.e. as average house prices differ based on area).
 - See section 2 for definition of affordable housing.
 - Affordability relates to the value someone can afford in relation to their income. The affordability ratio is a calculation of the average salary and average house price. The affordability of property differs in different locations of the District, not the definition of affordable. E.g. A first home property maximum value is £250k not matter where in the District.
 - The Council considers 'affordability' in assessment for homelessness assistance of applicants to ensure applicants can afford either the property they are in or moving to.

- 2) What is the distinction between 'affordable' and 'social' housing? Provide clarification as these terms are usually referred to in the same way.
 - Affordable housing includes homes for sale or rent and is for people whose needs are not met by the private market. It relates to all the affordable housing types.
 - Social Housing is defined by the Housing and Regeneration Act 2008 and the homes come under the regulator of Social Housing and are provided through local authorities or Private Registered Provider (Housing Associations).

- 3) How the Council allocates percentages of affordable housing on recent / new
 - Paragraph 66 NPPF requires at least 10% of all dwellings on major housing developments (10+ dwellings), subject to exemptions, to be available as Affordable Home Ownership, which includes First Homes. Developments required to provide First Homes should deliver 25% of the Affordable Housing quantum.
 - The preferred tenure split is:
 - Social Rent two third
 - Affordable Home Ownership one third.
 - Example A residential development of 200 dwellings is liable for a minimum 40% Affordable Housing contribution.

Affordable Housing tenure split

AH Tenure	No. AH units	% total units (200)	% Affordable Housing
First Homes	20	10	25
Other AHO*	7	3.5	8.75
Social Rent	53	26.5	66.25
Total	80	40	100

*The other Affordable Home Ownership units may be additional First Homes or Shared Ownership.

- These numbers and tenure splits are proposed but site viability may have to be considered in the final mix.

4) Commentary: What are the opportunities for the Council to provide social / affordable housing on the new developments in the District?

The Council is no longer a provider of social homes in its own right having undertaken a large scale voluntary transfer of its stock to BDHT in 2004.

- Planning Policy – The Council’s planning policy determines the level of affordable housing required on qualifying developments. It also provides the framework for the delivery of new build housing within the district
- Utilise Spadesbourne Homes to deliver private rented and affordable homes helping to balance the housing market on Council owned land.
- Disposal of assets for affordable housing – The Council holds limited land assets which could be sold only for the provision of affordable housing. This will reduce the value of the land.
- Provision of funding for affordable homes – Grants could be given to Registered providers for the development of 100% affordable housing sites. This would enable the council to provide its own affordable housing definition subject to viability of developments based on income rather than house prices.
- Working in partnership with Registered Providers with funding available to bring empty properties back into the market as affordable housing.

5) Bromsgrove ongoing developments – breakdown of the amount of shared ownership properties, social rent on those sites?

- See below table

Affordable housing commitments in Bromsgrove District at 1 April 2024

Ref:	Address	Total AH	Social Rent	Intermediate	Shared Ownership	Affordable Rent	First Homes	Comments
14/0408	Land rear of Algoa House, Western Road, Hagley	10	7				3	
16/0335	Land at Perryfields Road, Bromsgrove	390						Details of tenure will be in subsequent Reserved Matters applications
16/1132	Land at Whitford Road, Bromsgrove	54						Details of tenure will be in subsequent Reserved Matters applications
20/00198	Rubery Social Club, 141 New Road, Rubery	6						Details of tenure will be in subsequent Reserved Matters applications
21/01493	Former Garage Site off Elmwood Grove, Hollywood	3				3		
21/01621	Land off Ryecroft, Rye Croft, Hollywood	1				1		
21/01784	Garage Site, Foxwalks Avenue, Bromsgrove	1				1		
21/01785	Land rear of 46 - 48 Foxwalks Avenue, Bromsgrove	3				3		
22/00090	Land at Whitford Road, Bromsgrove	148	89		59			Reserved Matters application
22/00226	Land off Ryefields Road, Stoke Prior	3				3		
22/00266	Former Garage Site off Catherine Close, Bromsgrove	1				1		
TOTALS		620	96		59	12	3	

6) How is 'social rent' figure worked out?

Social housing rents are calculated following the formula within the Policy statement on rents for social housing. The below is an example of calculating a social rent.

The basis for the calculation of formula rents is:

30% of a property's rent should be based on relative property values compared to the national average

70% of a property's rent should be based on relative local earnings compared to the national average

a bedroom factor should be applied so that, other things being equal, smaller properties have lower rents

Rent Flexibility Level Once formula rents have been calculated, PRPs have flexibility to set rents at up to +5% of the formula rent. For supported housing, the flexibility is +10% of the formula rent. This is intended to allow PRPs discretion in dealing with local factors.

	Weekly rent is equal to		
	70% of the average rent for the HA sector	plus	
multiplied by	relative county earnings	30% of the average rent for the HA sector	
multiplied by	by bedroom weight	multiplied by relative property value	

Average Rent The national average rent, net of service charges, that should be used, as at April 2000, is £54.62 per week

Earnings data for the formula are given in the table below:

County	Earning £/week	County	Earnings £/week	County	Earnings £/week
Avon	321.20	Greater London	354.10	Nottinghamshire	298.00
Bedfordshire	343.70	Greater	307.30	Oxfordshire	323.80
Berkshire	345.40	Hampshire	328.70	Shropshire	295.40
Buckinghamshire	328.30	Hereford & Worcs.	289.60	Somerset	299.70
Cambridgeshire	330.10	Hertfordshire	343.70	South Yorkshire	299.10
Cheshire	322.00	Humberside	318.40	Staffordshire	296.20
Cleveland	338.40	Isle of Wight	288.50	Suffolk	304.30
Cornwall	255.50	Kent	316.40	Surrey	333.20
Cumbria	323.70	Lancashire	302.70	Tyne & Wear	307.90
Derbyshire	321.10	Leicestershire	303.10	Warwickshire	326.10
Devon	278.00	Lincolnshire	286.70	West Midlands	320.60
Dorset	293.90	Merseyside	324.90	West Sussex	332.50
Durham	289.70	Norfolk	302.50	West Yorkshire	302.70
East Sussex	281.50	North Yorkshire	299.60	Wiltshire	313.90
Essex	325.90	Northamptonshire	328.50		
Gloucestershire	308.00	Northumberland	276.10	England average	316.40

Bedroom weights

The following bedroom weights are applied to the earnings term in the formula:

No. bedrooms	Bedroom weights
0	0.80
1	0.90
2	1.00
3	1.10
4	1.20
5	1.30
6 or more	1.40

Calculation

National average PRP rent in 1999/2000	54.62	
Average earnings in Hereford and Worcester	289.6	
National average earnings	316.4	
Bedroom weight	1.3	(from table above)
National average PRP property value in January 1999	49,750	
Capital value as at January 1999	43870	

Formula

70% of sector average rent multiplied by relative county earnings	38.234	
multiplied by bedroom weight	35.00	
30% of sector average rent multiplied by relative property value	45.49410973	
	16.386	
	14.44932302	
adding together the sub totals	59.94	2000-2001 FR

This figure can then be increased by the guideline limit rent each year as per table one:

2001/2002	62.52	1.043	1.043
2002/2003	63.90	1.022	1.066
2003/2004	65.30	1.022	1.089

2004/2005	67.46	1.033	1.125
2005/2006	69.89	1.036	1.166
2006/2007	72.12	1.032	1.203
2007/2008	75.08	1.041	1.252
2008/2009	78.38	1.044	1.308
2009/2010	82.69	1.055	1.380
2010/2011	81.95	0.991	1.367
2011/2012	86.13	1.051	1.437
2012/2013	91.38	1.061	1.524
2013/2014	94.22	1.031	1.572
2014/2015	97.70	1.037	1.630
2015/2016	99.85	1.022	1.666
2016/2017	98.85	0.99	1.649
2017/2018	97.86	0.99	1.633
2018/2019	96.89	0.99	1.616
2019/2020	95.92	0.99	1.600
2020/2021	98.51	1.027	1.643
2021/2022	99.98	1.015	1.668
2022/2023	104.08	1.041	1.736
2023/2024	115.64	1.111	1.929
2024/2025	124.54	1.077	2.078

2024/2025	48 week rent calculation	134.92
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For 2020-21 onwards, the formula rent must be adjusted annually by CPI (at September of the previous year) + 1 percentage point. This applies regardless of any exceptions that operated under the social rent reduction.

- 7) Fleecehold – i.e. leases that allow a management company to impose a service charge on the property/amenities. What is Council doing about it? It was discussed in the meeting that Bromsgrove Council does a first approach to the landowner/developer to allow the Council to look after amenities (and eliminate this charge) but that ultimately the decision is down to the landowner/developer. It was also noted that legislative change would be required to change this – could you elaborate on what is happening with regard to this in the District?
 - Head of Planning, Regeneration and Leisure Services has advised council officers continue to state that, without prejudice and subject to due process, that the council is prepared to adopt public spaces within new developments

- A Draft Leasehold and Commonhold Reform Bill was introduced by the King's Speech which proposes to cover the following areas
 - enacting remaining Law Commission recommendations to bolster leaseholders' fundamental rights to extend their lease and buy their freehold (enfranchisement), and take over the freeholders building management functions (Right to Manage).
 - reinvigorating commonhold by modernising the legal framework. We will also restrict the sale of new leasehold flats. The Government will consult on the best way to achieve this, so that generations to come will benefit from absolute homeownership.
 - tackling existing ground rents by regulating ground rents for existing leaseholders so they no longer face unregulated and unaffordable costs.
 - bringing the injustice of 'fleecehold' private estates and unfair costs to an end – the Government will consult on the best way to achieve this and implement new protections for homeowners on private estates in the Leasehold and Freehold Reform Act 2024.
 - ending the injustice of forfeiture so that leaseholders are protected against losing savings they have in their home for potentially small unpaid debts.