

Consultation response to City of York Council: Affordable Housing Advice Note

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Introduction

The Joseph Rowntree Foundation shares the City of York Council's (CoYC) concerns for housing in the city. As providers of low-cost, good quality homes for rent for 100 years, and with a commitment to stay in York and do all we can to assist, the Foundation applauds efforts to secure the best possible deal for those unable to buy outright in the open market.

In contributing this response to the CoYC's 'Affordable Housing Advice Note', we offer thoughts based on our detailed knowledge of building costs, of the value of enhancing standards (of energy efficiency, of accessibility and of the public realm), and the practical issues of delivery on the ground.

National context

Up and down the country, in the housing 'hot spots' where prices are high and shortages are great, local authorities have been following the lead given by the Mayor of London in calling for 50 per cent of new homes to be 'affordable'. The Joseph Rowntree Foundation has undertaken two major research studies on planning gain (alongside the Housing Corporation, the RICS and the Countryside Agency), at the Universities of Cambridge and Sheffield. This research suggests that:

- the processes of securing affordable housing through the planning system, using Section 106 Agreements, is beginning to settle down and play an important part not only in securing non-market homes, but in avoiding the segregation of public/social housing in separate concentrated estates for those on the lowest incomes;
- however, much of the planning gain does not comprise additional housing free of any public subsidy: in the majority of cases public funding – mostly from the Housing Corporation – is required in addition to the gains from the planning system. The 'subsidy' from the house-builder bridges the gap between the market value of the housing and the level of which social housing grant is payable (the 'total cost indicator'). As a result, instead of the Corporation funds going to social housing built on the worst sites, the planning requirements for affordable housing from house-builders have meant that social housing is on the same sites as home ownership.

The picture, to date, suggests that the arrangements have led to more affordable housing and

in better locations. But, it has rarely been possible to achieve 50 per cent affordable housing or to carry through the development without any public funding. This is not to say that a 50 per cent target should not be the starting point for negotiations. There may be cases where the granting of planning consent can increase land values of sites where there are no costs of remediation and where none of the planning gain need be expended on other ingredients like landscaping, off-site traffic improvements or other considerations – but these cases may be rare.

Appropriate housing

As well as achieving the highest *quantity* of affordable housing, the arrangements need to ensure its quality – in terms of the type and the size of the home, and its affordability.

First, of course, there needs to be a match between the size of the homes required by those looking for affordable housing and the provision that results from the planning gain. If the need is for family housing, for example, it may not be helpful if all the affordable housing is in one-bedroom flats. A good deal of the new housing in York now represents higher density apartments, which are not suitable for families with young children who are looking for a home with a small garden. This will require some negotiation to reconcile the plans of the house-builders with the requirements of those waiting for social housing.

Second, York was in the forefront in seeking the accessible standards which the Lifetime Homes criteria produce. These lead to increased space for occupiers, as well as meeting the needs of those with young families or those with mobility problems. The Greater London Authority is leading the way (along with Northern Ireland and the Welsh Assembly) in seeking the Lifetime Homes standards of accessibility and adaptability as a supplementary planning condition.

Third, in relation to the affordability of the new homes, it is no longer the case in York that a modest concession off the market price will bring the cost within the reach of those otherwise unable to buy. Even 50 per cent shared ownership can present financial hurdles to those looking for a decent home. While the constraints on the rent levels for social housing may be relatively clear, there remains a spectrum of formats for 'intermediate' affordable homes and the CoYC will need to be clear in its negotiations with house-builders exactly what it requires them to deliver.

Public funding

Bearing in mind the impact of producing affordable housing of the right size, to adequate standards and at a sufficiently low cost to the occupier, and with the possibility of additional requirements on the developer to meet other social and community (and transport-related)

objectives, the difficulties of securing the 50 per cent quota should not be underestimated. Particularly where site conditions require decontamination or environmental improvements, success will be heavily dependent upon the scheme securing Social Housing Grant through the Housing Corporation.

The warning note in this submission, therefore, is that the CoYC will need to impress upon the Housing Corporation that York's housing requirements make the city a priority case for additional resources. It is not just in London and the South-East that high property prices and acute shortages necessitate a serious commitment of central government funds to meet local needs.

Derwenthorpe example

We are hopeful that our development in partnership with the CoYC at 'Derwenthorpe' will provide a model for tomorrow's sustainable new communities. It is worth noting that we are planning to deliver 25 per cent social rented housing, 10 per cent shared ownership (or other 'intermediate' housing – between social renting and outright ownership), with a first call on any surpluses being a 5 per cent increase in affordable housing. This would mean a 40 per cent total for a development that incorporates Lifetime Homes standards (i.e. higher than those required by the Housing Corporation), enhanced environmental and energy efficiency ratings, some experimental housing, Home Zones and other traffic reduction measures, as well as the running underground of some electricity pylons and extensive landscaping.

If additional public funds were available for Derwenthorpe, would we want to increase the affordable housing element to 50 per cent of all the 540 homes?

The answer is that we would, and in particular we would want to boost the amount of housing for 'key workers'.

From 1904 onwards we have sought to create mixed and balanced communities and have rejected the model of segregated estates just for households with the lowest incomes. Those nominated for social housing tend to be drawn from the groups with incomes in the lowest 20 per cent (some of them with special needs). On the other hand, those able to purchase a new high-quality family home in a good location in York will need assets or income to pay, perhaps, £200,000. Much of the population lies between these two groups – i.e. between the relatively rich and the relatively poor. We see it as right to reach this middle group – which includes nurses, teachers, some university lecturers, people required in the local economy and at the local authority – and would like to increase the provision for them as much as for those with the very lowest incomes.