

AGENDA MANAGEMENT SHEET

Name of Committee

Cabinet

Date of Committee

30th June 2005

Report Title

Regional Housing Strategy

Summary

The essence of the response to the consultation on the draft Regional Housing Strategy that Cabinet is being asked to endorse is that:-

- (1) The time allowed for consultation is inadequate.
- (2) The proposed use of 'housing market areas', cutting across established voluntary sub-regional arrangements (e.g. CSW), threatens to drive a wedge between housing and planning/transport/economic policy and implementation.
- (3) The high priority attached to social housing investment in the northern parts of the County and to affordable new-build housing in the southern parts of the County are to be welcomed.
- (4) The estimates of affordable housing need in the RHS are inconsistent with the basis for housing targets set out in the Regional Spatial Strategy and are therefore indicative of need rather than a robust basis for planning and delivery.
- (5) It is unclear how the allocation of funding favouring the 'decent homes' initiative paramount in urban areas will be balanced with the priority now being attached to delivery of new-build social housing in rural areas.

**For further information
please contact**

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**Would the recommended
decision be contrary to the
Budget and Policy
Framework?**

Yes/No

Background Papers

None

CONSULTATION ALREADY UNDERTAKEN:-*Details to be specified*

Other Committees

☐

.....

Local Member(s)

(With brief comments, if appropriate)

☐

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Other Elected Members

☒Councillor Mrs J A Tandy
Councillor R N Chattaway
Councillor D Booth
Councillor R A Stevens

} for information.

Councillor F P Barnes
Councillor M J Jones
Councillor R P L Morris-Jones

} for information

Cabinet Member

(Reports to The Cabinet, to be cleared with appropriate Cabinet Member)

☒

Councillor C J Saint

Chief Executive

☐

.....

Legal

☒

I Marriott – agreed

Finance

☐

.....

Other Chief Officers

☐

.....

District Councils

☐

.....

Health Authority

☐

.....

Police

☐

.....

Other Bodies/Individuals

☐

.....

FINAL DECISION**YES/NO***(If 'No' complete Suggested Next Steps)*

Cabinet – 30th June 2005

Regional Housing Strategy

Report of the Director of Planning, Transport and Economic Strategy

Recommendation

That the response to the consultation on the Draft Regional Housing Strategy, detailed in paragraphs 3.1 to 3.5 (inc) of the Director's report and already conveyed to the West Midlands Regional Housing Board and the West Midlands Regional Housing Partnership, be endorsed.

1. Introduction

- 1.1 This is a consultation on the Draft Regional Housing Strategy (RHS), by the West Midlands Regional Housing Board (WMRHB) and the West Midlands Regional Housing Partnership (WMRHP). Only 3 weeks were allowed for responses by the closing date of 7th June 05. Consequently, an officer response has been sent to meet that deadline, advising that any variation to the view put forward following Cabinet's consideration would be forwarded on.
- 1.2 There have been previous consultations on the issues to be taken into account in the RHS and the methodology to be adopted in the allocation and regional distribution of housing funds. The County Council's responses to these consultations followed the endorsement of recommendations on reports submitted to Cabinet on 24th February and 17th March, attached to this report as **Appendix A** and **Appendix B**.
- 1.3 Due to the general election the consultation period on the draft Regional Housing Strategy was postponed until the 3 weeks to 7th June 2005. Final amendments will be made to the Strategy in light of the comments received and the final draft will be submitted for endorsement by WMRHB and Regional Assembly Board before presentation to Ministers for a final decision.
- 1.4 The essence of the response to the consultation on the draft Regional Housing Strategy that Cabinet is being asked to endorse is that:-
 - (1) The time allowed for consultation is inadequate.
 - (2) The proposed use of 'housing market areas', cutting across established voluntary sub-regional arrangements (e.g. CSW), threatens to drive a

wedge between housing and planning/transport/economic policy and implementation.

- (3) The high priority attached to social housing investment in the northern parts of the County and to affordable new-build housing in the southern parts of the County are to be welcomed.
- (4) The estimates of affordable housing need in the RHS are inconsistent with the basis for housing targets set out in the Regional Spatial Strategy and are therefore indicative of need rather than a robust basis for planning and delivery.
- (5) It is unclear how the allocation of funding favouring the 'decent homes' initiative paramount in urban areas will be balanced with the priority now being attached to delivery of new-build social housing in rural areas.

The detailed response is set out in paragraphs 3.1-3.5 below.

2. The Regional Housing Strategy

- 2.1 The Draft Strategy aims to create mixed, balanced and inclusive communities; assist in the delivery of the Regional Spatial Strategy (RSS); influence development of new housing provision to support economic development; to address the variety of housing needs across the Region; see that Government's Decent Homes standards are met; and encourage development which improves the quality of the environment as a whole.
- 2.2 A fundamental concept of the RHS is the identification of sub-regional Housing Market Areas (HMAs) – not only as a basis for analysis but also, in line with Government policy – for the purposes of implementation. The draft Strategy has identified four sub-regional Housing Market Areas – Central, North, South and West. These have been based on areas where similar dwellings command similar prices and where there is sufficient evidence of a functional connection as demonstrated through travel to work and other interactions.
- 2.3 The Central HMA comprises the conurbation, Coventry, and a commuting ring of local authorities to the north of the conurbation. Almost two-thirds of the Region's population live in this area. Subsequent to consultation on the RHS issues paper, the RHS now subdivides the Central HMA, for policy purposes, into three distinct zones that have the effect of splitting northern Warwickshire two ways i.e.
 - (i) A 'commuter north' zone (southern Staffordshire and part of northern Warwickshire), which has strong ties with the conurbation, especially Birmingham, and where established patterns of migration and commuting have contributed to affordability problems for local households.
 - (ii) An 'east-central corridor' zone (principally east Birmingham, Solihull and Coventry with part of Warwickshire). This area demonstrates a mismatch between demand and supply of social housing within Coventry and Birmingham.

- (iii) A 'west-central corridor' zone (principally the Black Country and Telford & Wrekin). This zone has a limited range of neighbourhood types and housing pathways, and where the underpinning and restructuring of housing markets requires support.
- 2.4 The South HMA stretches from the Malvern Hills and Wyre Forest in the west to Stratford and Warwick in the east and has 15% of the Region's population. With high rates of owner-occupation, the South is attractive to commuters and economically active households. A very low proportion of the stock is affordable housing (social housing) and the HMA has high levels of homelessness and affordable housing needs.
- 2.5 The North HMA covers the North Staffordshire Conurbation, Staffordshire Moorlands, East Staffordshire and Stafford and has 13% of the Region's population. The West HMA comprises all the local authorities in the west of the Region, extending eastwards to Bridgnorth and North Shropshire and has less than 10% of the Region's population. It is said that this area is less influenced by migration trends affecting the West Midlands Conurbation and more influenced by inter-regional migration trends and retiring households from outside the Region (A similar point could be argued with equal force in relation to the migration between Warwickshire and the South East and East Midlands regions - but is ignored).
- 2.6 The Government's target to 'ensure that all social housing meets set standards of decency by 2010' is embedded in the Strategy. Whilst much of the need for improvement is concentrated in the Central and North HMAs, non-decent homes are an issue across the Region, and the RHB recognises the importance of meeting Government targets for every HMA. The condition of the private sector stock presents a challenge to local authorities and there is currently a gulf between the expectations of Government and the capacity of local authorities to deliver. Private sector housing renewal programmes need to be one of the key priorities for regional strategies and local housing authorities are asked, as a matter of urgency, to establish a baseline assessment of the position.
- 2.7 Affordability is identified as a significant problem across the West Midlands but the nature and severity of the problem varies from area to area. The evidence base for the RHS suggests that 78,000 additional affordable dwellings are needed between 2001 and 2021 (3,900 p.a.) of which 47,000 need to be for social housing units (2,350 p.a.). The breakdown of these figures by HMA do not allow precise estimates of what the figures are for individual districts but they appear to support the 'top-down' indicative figures set out in the Warwickshire Structure Plan for Warwickshire boroughs/districts of around 40% of total housing requirements up to 2011.
- 2.8 The draft Strategy appears to set out some priorities for the provision of additional affordable housing in the HMAs including parts of Warwickshire. In the Central Zone - East-Central Corridor (Nuneaton & Rugby) it appears that the priority is to be investment in low-cost home ownership but social housing is seen as the priority in the Commuter North (North Warwickshire) because low cost & intermediate housing might otherwise draw migrants out of the

Conurbation. In the South Zone, the priorities are identified for the short term as being social housing investment in the urban areas of Worcester, Warwick and Stratford-upon-Avon.

3. Assessment

- 3.1 The 3 week period allowed for consultation is inadequate - both in terms of the time allowed for consultees to respond and in the time that will be available for those responses to be properly taken into account by the WMRHB & WMRHP before the submission is made to Ministers. In the particular circumstances of Warwickshire County Council, it has been necessary for its response to be submitted by officers in order to meet the 7th June deadline, subject to the proviso that if subsequent reference to the Council's Cabinet necessitates a change in that response, the WMRHB, WMRHP and GOWM will be advised accordingly.
- 3.2 It is disappointing to see that the RHS continues to advocate the use of the housing market areas for the formulation of policy options and delivery of affordable housing. As the County Council argued in its response to the previous consultation on the 'Issues Paper', this approach risks driving a wedge between housing and the comprehensive planning, transport and economic development frameworks provided through our established voluntary sub-regional partnerships. It is acknowledged that the RHS now appears to reflect our view that the housing market areas are, in any event, too large to provide a technically sound basis for analysis, let alone delivery of housing policy. The sub-division of the 'Central' HMA into three sub-zones addresses the previously implied connections between housing markets within the Region that challenged common sense. Nevertheless, the approach still ignores markets well known to straddle the Regional boundary e.g. between Nuneaton and Hinckley, Stratford-upon-Avon and Oxfordshire, Rugby and Northamptonshire.
- 3.3 In our response to the 'Issues Paper' consultation, a request was made for better assessment to assist targeting delivery in the areas in greatest need. Consequently, we broadly welcome the RHS's identification of the affordable housing priorities attached to social housing investment in the Central HMA - North Warwickshire, Nuneaton & Bedworth and Rugby areas (recognising that intermediate housing which would be likely to draw migrant households out of the conurbation). Similarly, the identification of Warwick and Stratford-upon-Avon (Districts) in the Southern HMA for social housing investment priority in the short term should assist current delivery performance.
- 3.4 The County Council has pointed out that robust estimates of affordable housing need are essential to the RHS. We take the response to this requirement as the assessment set out in table 3.12 of the RHS which contains estimates of the affordable and social housing requirement by HMA. We note that these estimates have been arrived at on the basis of household growth forecasts that are different from those on which the current Regional Spatial Strategy (RSS) housing targets are based. That said, the RHS estimates appear (as far as can be ascertained at present) to be broadly in line with the 40% 'top-down' indicative percentage for affordable housing need to 2011 as set out in the Warwickshire Structure Plan. However, post 2011, the assessed need appears

noticeably less than indicated by the RSS because the level of new household formation is projected to grow at a slower rate. Therefore, whilst the RHS's estimates of affordable housing need are a helpful confirmation of the order of need to be addressed, until there is consistency with the basis for housing provision through the planning system following review of the RSS, they should be regarded as 'indicative' rather than 'robust'.

- 3.5 In its response to the consultation on the housing funding allocation methodology, the County Council urged that giving Decent Homes Standard first call on housing funds should not be at the expense of the new-build affordable housing needs of the shire areas – especially where affordable housing represents a critical factor in the local economies. It therefore asked for a more balanced approach to reflect the fact that Shire areas, such as Warwickshire, will be less able under the RSS to deliver affordable housing on the back of residential planning permissions. It is noted that the level of public sector resources available for the foreseeable future are unlikely to match all that needed to fully implement all the RHS provisions and that there is a short term tension between investment in new-build affordable housing (the regional priority issue) and spend on decent homes (the Government's priority). However, the proposed allocation of funding largely reflects historic trends, favouring the latter and in effect projecting forwards the reductions due to the loss of local authority social housing grant in the recent past. Consequently, it is not clear how the RHS's initial emphasis on investment in rural social housing is going to be funded in practice. In our urban areas, it is not clear what the balance of funding is proposed as between 'decent homes' and new build affordable housing investment. In rural areas, where significant new house building would not be the norm under policies that are compliant with RSS, there are smaller settlements that need new affordable housing that is difficult to fund in the absence of developer contributions. The sustainability (i.e. profile/mix) of housing in these smaller settlements may change adversely if appropriate exception schemes cannot be funded.

JOHN DEEGAN
Director of Planning, Transport and Economic Strategy
Shire Hall
Warwick

17th June 2005

Cabinet - 24th February 2005

Regional Housing Strategy - Consultation by Regional Housing Board on Issues Paper

Report of the Director of Planning, Transport and Economic Strategy

Recommendation

That the conclusions set out in Section 5 of the Director's report be conveyed to the Regional Housing Board as the views of the Council.

1. Background

- 1.1 The Draft Issues Paper has been produced for the Regional Housing Board by specialist housing consultants, the Three Dragons, to inform the development of a draft Regional Housing Strategy (RHS).
- 1.2 The Regional Housing Board in conjunction with the West Midlands Regional Assembly are currently developing the next Regional Housing Strategy for submission to Ministers in May 2005. As part of this process the Regional Housing Board is now consulting on an Issues Paper for 6 weeks until 28th February 2005.
- 1.3 The Issues Paper aims to draw together all the matters which have arisen to date from the research and feedback from an initial formal consultation period and from various events. It is not a draft Regional Housing Strategy – the comments generated by this consultation, together with further research and the forthcoming consultation events, will inform the development of the Regional Housing Strategy (RHS). The resulting draft RHS will also be subject to a period of consultation.
- 1.4 Public consultation on this Issues Paper will include 4 events within individual Housing Market Areas (HMAs) as well as a Regional Consultation Event on 17th February. The 4 HMA events will take place as follows:-
 - (i) North HMA on 3rd February.
 - (ii) Central HMA on 4th February (includes North Warwickshire, Nuneaton & Bedworth, and Rugby Boroughs).
 - (iii) South HMA on 8th February (includes Warwick & Stratford on Avon Districts).
 - (iv) West HMA on 9th February.

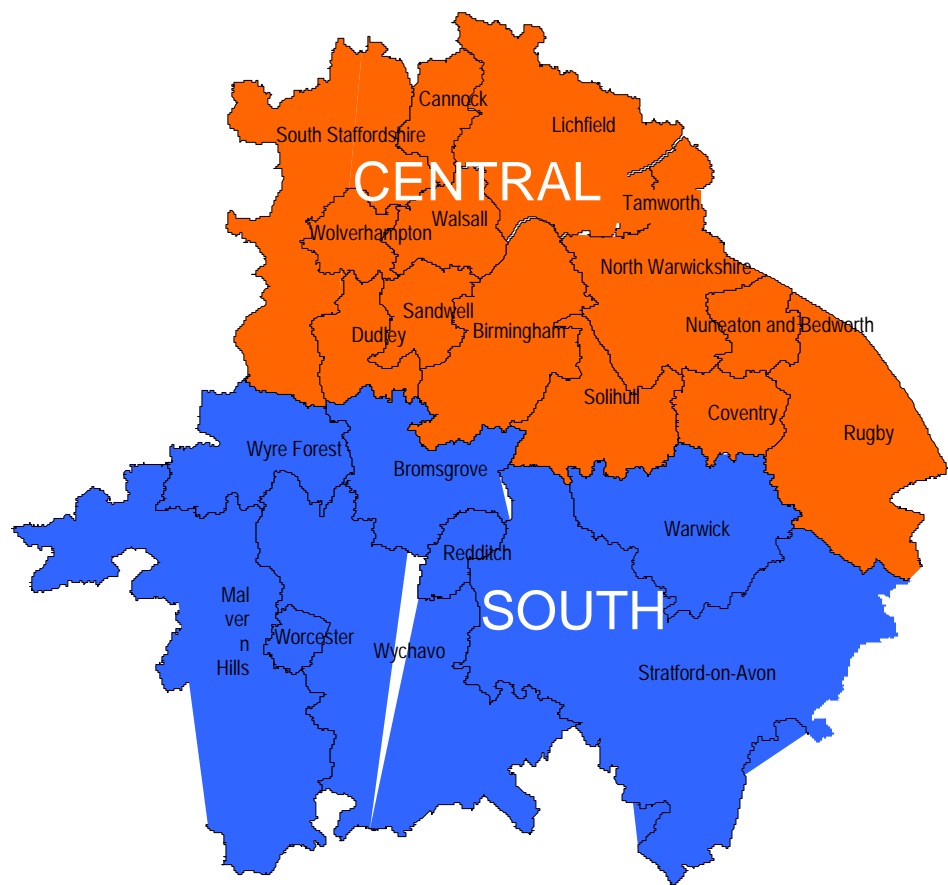
- 1.5 Following on from consultation on the Issues Paper a draft RHS (and allocation strategy) will then be prepared and submitted for formal consultation during April/May 2005 with the aim of submitting a revised RHS to Government by 31st May 2005.
- 1.6 A clear distinction needs to be made between the Regional Housing Strategy and the recommendations the Regional Housing Board makes for investment – the allocation strategy. The Regional Housing Strategy is intended to be a longer-term strategy, which sets out a vision covering all tenures and aligned with the Regional Spatial Strategy (RSS). Both the allocation strategy and the RHS are to be developed through the same public consultation process.

2. The Issues Paper

- 2.1 This Paper has been prepared on the basis of a range of evidence and strategic analysis, including definition and detailed analysis of Housing Market Areas, specialist studies of the needs of particular needs groups and the housing options available to them (e.g. Supporting People) and analysis of published statistics on stock condition and housing supply. Although a substantial evidence base has already been amassed this research is on-going and will be fed into later stages of strategy preparation.
- 2.2 A range of key issues are identified from the above analysis and from stakeholder feedback across the Region. Effective partnership between the public, private and voluntary sectors is identified as being key to many of the issues identified. The Paper is intended to help form the basis for effective dialogue between partners within each HMA, as well as to help develop a distinctive regional vision which provides practical tools for the delivery of urban and rural renaissance.
- 2.3 The Issues Paper aims to take account of housing links with transport, economic development, health, planning and environmental issues and strategies and sees the Regional Housing Strategy as key in implementing the Regional Spatial Strategy. The strategic messages of urban and rural renaissance in the Spatial Strategy are agreed and the Regional Housing Strategy will need to respect this.
- 2.4 The RHB is seeking views about what the Region (and individual Housing Market Areas) can do to maximise resources and meet need within the context of the RSS, and the family of emerging regional strategies. In particular, views are invited on:-
 - (i) How the resulting Strategy should set regional priorities across both geographic areas and themes.
 - (ii) What would be useful within the Strategy to assist them in their delivery role locally.

3. The Housing Market Areas (HMAs)

- 3.1 The Paper claims that, to understand the region's housing markets, is necessary for the RHS to set out its priorities and policy options within the context of sub-regional Housing Market Areas, reflecting the fact that housing markets operate across local authority boundaries. The Region is divided into four separate housing market areas (HMAs) each of which presents its own distinctive opportunities and challenges i.e. North, South, Central and West. Warwickshire is divided with the three northern boroughs in the Central HMA and the two southern districts included in the South HMA – as shown on the map below:-



- 3.2 It is inevitable that market areas for a wide range of functions, including retail and commuting, as well as housing :-
- (i) Cut across administrative boundaries.
 - (ii) Change over time in response to changing market conditions.
 - (iii) Overlap e.g. as areas 'look both ways' for different levels of quality.
- 3.3 Consequently, to understand these markets, it is logical to analyse these areas, noting the changes over time and overlaps. The exercise that has been done in this instance is, therefore, a reasonable approach – as far as it goes (see section 4. below). It is clearly important that there is a consistent basis of evidence of the distribution of housing need to inform the Regional Housing Strategy.

4. Assessment

- 4.1 There is a implication in the Issues Paper that the Regional Housing Strategy should use the market areas as bases for formulating policy options and delivery. This notion should be rejected. Detachment from planning, transport and economic policy and delivery has seriously impeded performance on affordable housing in the past. More recently big efforts have been made locally and regionally to overcome this impediment by bringing the housing and planning agendas together. However, the use of housing market areas for policy and delivery risks yet another wedge that could detach affordable housing from the supporting comprehensive context of planning, transport and economic policy and delivery provided by existing sub-regional voluntary arrangements based on local authority areas i.e. the Coventry Solihull & Warwickshire Sub- Regional Forum and the Coventry Solihull & Warwickshire Partnership.
- 4.2 The four discrete housing market areas are far too big as bases for analysis – let alone for policy formulation and delivery. They seek to connect clusters of linked markets but end up trying to include the forces at work in the housing markets operating around Rugby with those in South Staffordshire, and those in Wyre Forest with Stratford on Avon. The obvious lack of connection between the markets in these areas questions the technical soundness of the approach and the logic of addressing the relative needs of one are against another for the purpose of funding allocations. It would make more sense to analyse, for example, the housing markets that operate across Nuneaton and Hinckley, Rugby and Daventry or Stratford-upon-Avon and the Cotswolds. If the technical logic is to ignore established sub-regional boundaries, why then stop at the Regional boundary? In any event, since most house moves are very short, housing markets can be very localised - very often well below the level of a single district area.
- 4.3 The most serious housing issue faced in this part of the Region is the overall poor performance in the delivery of affordable housing. The significantly better assessment of need promised through the analysis of housing market areas is bound to help the case for targeting funding on the areas in greatest need. However, even when the level of affordable housing needs is not in contention, the weak delivery through the planning system has proved to be a stumbling block to improved performance. In this part of the Region, in particular, the greatest need for affordable housing tends to be in those locations where the need for more market housing is the least. Moreover, the Regional Spatial Strategy drives overall housing numbers down in the shires over period to 2021. Therefore, reliance on securing affordable housing through S.106 Agreements, as a percentage of units in residential permissions will become an even less effective method of delivery. This should be recognised by the Regional Housing Strategy and reflected in the steer it gives to future funding allocations.

Cabinet - 17th March 2005

**Consultation by Regional Housing Board on Allocations
Methodology for Investing the West Midlands' Single
Regional Housing Pot in 2006-08**

**Report of the Director of Planning, Transport and
Economic Strategy**

Recommendation

That the assessment set out in section 3 of the Director's report be conveyed to the Regional Housing Board as the views of the Council.

1. Background

- 1.1 The last meeting of Cabinet (24th February 2005) considered the Regional Housing Board's (RHB) consultation on its draft Issues Paper for preparation of the Regional Housing Strategy. On that document Cabinet resolved to express concerns about the use of the housing market areas for policy and delivery of affordable housing instead of our established voluntary sub-regional partnerships; the size and questionable common-sense of the housing market areas; and the need to steer future funding allocations to reflect the fact that, to comply with the Regional Spatial Strategy (RSS) we will be less and less able to rely on the planning system to deliver on affordable housing needs in Warwickshire.
- 1.2 On 17th February 2005, the RHB launched its consultation seeking views (by 21st March) on the methodology to be used by the West Midlands' Regional Housing Board to allocate funding from the Single Regional Housing Pot (SRHP) available for investment during 2006-08. Following on from this consultation (and that on the Issues Paper) a draft Regional Housing Strategy will then be prepared and submitted for a 3 week formal consultation during April/May 2005 with the aim of submitting a revised RHS to Government by 31st May 2005.
- 1.3 A clear distinction needs to be made between the Regional Housing Strategy and the recommendations the Regional Housing Board makes for investment – the Allocation Strategy. The Regional Housing Strategy is intended to be a longer-term strategy, aligned with the RSS. Both the Allocation Strategy and the RHS are to be developed through the same consultation process.

2. The Proposed Allocation Methodology

- 2.1 **Funding Priorities:** The RHB has to divide funding between investment by local

housing authorities (LAs) in the existing housing stock (HIP route), investment through the Housing Corporation (ADP route) into housing association schemes for new affordable housing, and funding for any other purposes not covered directly by these two conventional routes. After considering the options, the RHB is currently proposing the following:-

- (i) First call on the SRHP is the need to ensure that the Decent Homes Standard (DHS) is achieved in the region. Whatever level of HIP funding which is identified as necessary for this in local authorities' approved options appraisals for their stock will be provided from the SRHP. A further amount will be provided for meeting the Decent Homes Standard in the private sector.
- (ii) A sum will be set aside for completing the research and analysis necessary to produce the evidence base for the region's strategy which was begun in 2004.
- (iii) The bulk of the rest of the SRHP will be dedicated to the provision of new affordable housing in the region through the ADP route.

2.2 Geographic Units: Ultimately, allocations of HIP funding will be to the 34 individual local housing authorities in the region, and ADP investment to individual housing schemes or groups of schemes. The RHB thinks these units are generally both too small and too numerous to be handled within a single coherent strategic view. Instead, the RHB proposes to make strategic allocations of ADP investment to the housing market areas emerging from research for the RHS.

2.3 Distributions: The RHB proposes to move away from the formulaic distribution processes of the past towards strategic judgements based on a sound evidence base but allowing for the fact that the evidence base for current decision-making is still incomplete. As a consequence, a hybrid methodology is needed which can fall back on the use of formulae wherever there is insufficient evidence for sound judgements. The RHB's present view on what can be achieved is as follows. HIP allocations for meeting the Decent Homes standard in LA stock will be based on evidence of need from options appraisal. Allocations for ADP investment in new affordable housing should be wholly driven by judgements based on RHS guidance, combined with evidence of capacity for delivery. The distribution of HIP funding for other purposes will have to be based upon evidence as far as practicable, with formulae used to complement this where evidence is insufficient.

3. Assessment

3.1 In broad terms, the Decent Homes Standard is largely an issue for the region's major urban areas and new-build affordable housing is, in the main, an issue for the shire and market town areas. Obviously, the importance of the decent homes standard for achieving urban renaissance in the Region's cities has to be acknowledged. However, giving DHS first call on housing funds should not be at the expense of the affordable housing needs of the shire areas – especially where affordable housing represents a critical factor in the local economies.

Clearly, a more balanced approach is needed, especially to reflect the fact that Shire areas such as Warwickshire, will be less able under the Regional Spatial Strategy to deliver affordable housing on the back of residential planning permissions.

- 3.2 The four separate housing market areas (HMAs*) are an inappropriate basis for the strategic allocation of funds for public investment in housing because they are inconsistent with the established geographic units for delivery of planning, transport and economic policy. They are also too big and ignore significant differences in housing markets within and across regional boundaries. The preference must be for housing investment to be made on the same geographic basis as the investment is made in transport and economic development to support affordable housing projects.

(*NB. Warwickshire is divided with the three northern boroughs in the Central HMA and the two southern districts included in the South HMA.)