



Proposed Scrutiny Review: Affordable Housing

1. Review Outline

Subject of review

Affordable Rented Housing in the Borough

Methodology / Approach

In-depth task and finish group to produce evidence-based recommendations relating to affordable rented housing, including the social-rented sector (local authority housing and other registered social landlords), and North Downs Housing Ltd. Otherwise, the review excludes the private rented sector, affordable home ownership, shared ownership, starter homes, homelessness, and supported living.

1.1 Reasons for the Review

Reasons for conducting this review

Shortage of and barriers to accessing suitable affordable rented homes for those living or wishing to live in the Borough.

Key question that the review is seeking to answer

What can be done to increase the availability of affordable rented housing for the Borough?

Objectives of review / Areas for investigation

To understand:

- National and local policies, including county-wide – their effectiveness and priorities
- Existing assessments of the issues (including the evidence used for housing strategy and planning policy, i.e., the assessment of housing and economic development needs and housing needs studies as they relate to affordable rented housing)
- Residents' needs and challenges relating to accessing affordable rented housing and any related barriers
- Options for the delivery of rented affordable housing, including through the planning process and direct development

If you would like to be involved in the review, please email james.dearling@guildford.gov.uk or call 01483 444141

	<p>To recommend:</p> <ul style="list-style-type: none"> • Policy options and other measures to improve the access and supply of affordable rented housing in the Borough • Actions relating to North Downs Housing Ltd <p>To avoid:</p> <ul style="list-style-type: none"> • Scrutiny with an operational focus on Council provided social housing • Scrutiny on issues relating to the private rental market
<p>Outcomes expected from conducting this work</p>	<p>1. A report covering Objectives and Areas of investigation identified above</p>

1.2 Possible sources of information

<p>Relevant Lead Councillors and lead officers Council partner registered social landlords Housing Associations Tenants and Residents Representatives [including, Guildford Tenants' Advisory Group] Charities in the housing sector Neighbouring and other local authorities, including Surrey County Council CC and parish councils Local residents Councillors</p>

2. Project Plan and Resourcing

2.1 Councillor Involvement

<p>O&S Councillor leading review</p>	<p>Councillor Tony Rooth (Chair), Councillor George Potter (Vice-Chair)</p>
<p>Other O&S Councillors involved</p>	<p>Councillors Ruth Brothwell, Angela Gunning, Ramsey Nagaty, Jo Randall, and Cait Taylor</p>
<p>Key Executive Councillors</p>	<ul style="list-style-type: none"> • Councillor Julia McShane (Lead Councillor for Community and Housing: responsibility for Health, Wellbeing, Access and Disability, Safety, grants and voluntary services, Careline, Handyperson, Care and Repair, Housing, Homelessness, housing standards (HMOs, private rented sector))

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Other Executive portfolios covered	<ul style="list-style-type: none"> Councillor Jan Harwood (Deputy Leader of the Council and Lead Cllr for Climate Change: responsibility for Innovation, Strategic Planning, Sustainable Transport, Housing Delivery).
	Councillor Tom Hunt (Lead Councillor for Development Management: responsibility for Development Control and Enforcement)

2.2 Officer Support and External Involvement

Lead Officers	<ul style="list-style-type: none"> Dawn Hudd, Director of Strategic Services Ian Doyle, Director of Service Delivery Matt Gough, Interim Head of Housing Tim Dawes, Planning Development Manager Siobhan Kennedy, Housing Advice Manager Robert Johnson, Housing Strategy & Development Manager
O&S officer	James Dearling, Senior Democratic Services Officer (Scrutiny)
Expert witnesses and possible co-optees	tbc

2.3 Council Services Expected to Contribute

Contact / Council Service	Contribution Expected
Housing Services	Information and advice
Planning Policy	Information and advice
Development Control	Information and advice

2.4 External Organisations to be Invited to Contribute / Submit Evidence

Contact / Organisation	Contribution
Shelter	Information and advice
Registered Social Landlords	Information and advice
North Downs Limited	Information and advice

2.5 Publicity and Awareness of the Review

Publicity activities to be undertaken	Possible press release/ social media
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2.6 Timetable for Core Phases of Review

Phase	Time required	Completion Date
Meetings and evidence gathering sessions	6+ months	March 2022
Evaluation of evidence and formulate recommendations	1 month	April 2022
Produce the draft report	1 month	May 2022
Witness / Executive comment on report	1 month	June 2022
Consideration of draft report by OSC	n/a	July 2022 OSC
Report to relevant decision makers	n/a	September 2022
Schedule monitoring of the implementation outcomes	n/a	September 2022

2.7 Specific Costs Identified

Anticipated call on Scrutiny Budget

Minimal - possible site visits and external research/expertise.

2.8 Equalities Issues

Relevant equality and diversity issues in relation to the proposed scrutiny review

Social landlords are bound by the Equality Act 2010 which sets out protected characteristics: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

2.9 Constraints / Barriers / Risks

Including timing constraints to when the review can be carried out

Access to officer time and task group members' time commitments.
Unwillingness to engage with Overview and Scrutiny or a desire to pre-empt its recommendations

3. Signed Approval

Signed:

(By Chair on behalf of Overview and Scrutiny Committee)

Date Agreed:

(By Overview and Scrutiny Committee)

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Definitions

What Is Social or Affordable housing

There is no single statutory definition of what social or affordable housing is and there is considerable ambiguity about the way in which the terms are used and they are often interchanged.

A House of Commons Briefing Paper *What is Affordable Housing?* sets out one definition which is that the term affordable or social housing means:-

*“housing that is provided with public subsidy, and it is used in a general way to describe housing of any tenure that is judged to be affordable to a particular household or group by analysis of housing costs, income levels and other factors.”*¹

Whilst the Housing, Planning, Local Government and the Regions Select Committee's inquiry that looked at the issue chose the following definition: -

*“subsidised housing that meets the needs of those who cannot afford to secure decent housing on the open market either to rent buy”*²

There are further definitions either adopted or proposed by a range of organisations, to reflect certain agendas, views or circumstances, and these will vary depending on a range of issues, which could include whether they are considering local, regional or local situations, are they providing or seeking provision, and the factor that most commonly causes discussion is what is meant by affordability.

To reflect these differing positions legislation uses differing definitions.

Legal Definitions

Affordable and social housing have been defined in different ways within legislation. However, the most commonly used include the one within the Housing and Regeneration Act

¹ [Wilson W and Barton C, 2021, What is affordable housing?, House of Commons Library, London](#)

² [HC 703-1, Third Report of 2005-06, 20 June 2006, p.5](#)

2008 that sets out the legislative framework within which social landlords operate and are regulated in and refers to social housing as being:-

*“low-cost rental and low-cost homeownership accommodation”*³

It goes on to confirm that the accommodation should be at rents below market rents and let to people whose needs are not adequately served by the commercial housing market. It goes on to confirm that low-cost homeownership is defined as including shared ownership, equity percentage arrangements and shared ownership trusts, and for both of these products they should be available to people whose needs are not adequately served by the commercial housing market. This legislation makes no reference to the term affordable housing.

However, where local planning authorities require that developers include an element of provision as part of the planning process usually through a s106 agreement under the Town and Country Planning Act 1990 (as amended) these are referred to as affordable housing. For these purposes, the definition of affordable housing is found in the 2019 National Policy Framework and is:-

*“housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers);”*⁴

The Framework then goes on to confirm that affordable housing for rent would include social rent and affordable rent or where the rent is set at least 20% below market rents (including service charges). It also confirms that the landlord should be a Registered Provider unless the homes are part of a Build to Rent scheme and the homes should remain at an affordable price for future eligible households.

For the purpose of the planning position affordable homes also includes Starter Homes as defined by the Housing and Planning Act 2016,⁵ discounted market sales housing and other affordable routes to home ownership which would include shared ownership, relevant equity loans, and other low cost homes for sale.

³ Housing and Regeneration Act 2008, section 68

⁴ HM Government, National Planning Policy Framework, Annex 2

⁵ Housing and Planning Act 2016, section 2

Therefore, the terms affordable and social housing are interchangeable in most instances, and cover properties that are rented, shared ownership or have certain types low cost homeownership and that are managed within the relevant legislative framework.

But under the wider terms affordable and social housing there are categories of housing which are defined in a clearer manner and are specific in most instances to a particular type of housing or the level of rent that is being charged in most cases by a registered social landlord. These are considered under 2 groups which are those dwellings which are rented and then other types.

Types of Rented Accommodation

Social Rent

This is housing that is available for rent and is owned and managed by a Registered Social Landlord, the rents for properties with these rents were calculated in 2002 using a Government formula which considered the number of bedrooms, average local earnings and the value of the property in 1999. Since this time these rents will have changed each April in accordance with the Governments recommended approach until 2016 when the Government imposed a requirement for rents to be cut by 1% each year, this approach then changed in April 2020 when the Government announced that these rents would increase by CPI plus 1%.⁶

Affordable Rents

As part of the 2010 spending review the Government announced the intention to introduce a new "intermediate rent" type of rented housing. This housing is offered at 80% of market levels within the local area. However, in Guildford the Council within the Local Plan state that affordable rents should be either at these levels or within the Local Housing Allowance whichever is the lower.⁷

The rationale for this change was that it increased the funds available for the reinvestment in the development of new social housing and moved the approach to funding new homes from a capital grant subsidy approach to a revenue subsidy. Housing Associations were also able to change their housing from social rented to affordable rent.

⁶ Policy Statement on rents for social housing, MHCLG, Feb 2019

⁷ Guildford borough Local Plan strategy and sites 2015-2034, April 2019, Appendix 2

Other types of Tenures

The National Planning Policy Framework sets out what other tenures and types of properties that are considered as affordable housing and these are also included within the Councils Local Plan as one of the following⁸:-

Starter Homes

These should meet the definition within the Housing and Planning Act 2016 and other subsequent of secondary legislation which is basically that these are new dwellings, available only to first-time buyers and that are sold at a discount of at least 20% of market value and below a cap price.

Discounted Market Sales Housing

These dwellings should be sold at a discount of at least 20% below market value, with provisions in place to ensure that the housing remains at a discount for eligible households.

Other Affordable Routes to Home Ownership

These are dwellings provided for sale through a route that allows a route to ownership and includes shared ownership, relevant equity loans, other low-cost homes for sales and rent to buy. These can be supported by the provision of grant and should either be available at affordable prices or any receipts should be used for alternative provision or refunded to the Government.

Summary

There is no single legal definition of either social or affordable housing, as any definitions used will reflect particular circumstances, however under the umbrella of social and affordable housing there are clear types of housing and these are defined through a combination of factors which usually include compliance with a framework for their management and this is usually through a registered social landlord. This is then usually combined with the type of agreement that covers their rental or ownership which has limitations on rent, cost or price of the dwellings along with a mechanism to allow for either provision in perpetuity or for the funding to be recycled.

⁸ Guildford borough Local Plan strategy and sites 2015-2034, April 2019, Appendix 2

The paper has not considered the further issues of what is affordable.

The diagram below sets out this framework, but it is for illustrative purposes, rather than as a definitive representation.



Prepared by

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