

Agenda Item No:

Report To: Cabinet

Date of Meeting: 27th May 2021

Report Title: Rural Housing Working Group – Findings and Recommendations

Report Author & Job Title: Mark James
Development Partnership Manager

Portfolio Holder Cllr. Bill Barrett
Portfolio Holder for: Housing



Summary:

In August 2020, a group convened by the Deputy Housing Portfolio Holder, Cllr Ken Mulholland, began meeting to discuss affordable rural housing in the Ashford borough. The group consists of councillors, internal officers and an external expert from a rural housing association.

The report provides an up-to-date position on affordable housing in the Ashford borough, discussion of the challenges to increasing the number of rural, affordable homes and ideas discussed by the group to accelerate delivery. These include working with the rural housing enabler to increase the volume of local needs surveys to create a more accurate picture of need across Ashford's rural villages.

The report also highlights progress on rural schemes and discusses how the Council intends to raise awareness of the need for affordable rural housing with parish councils and communities – in addition to the Rural Protocol document recently launched by Kent Housing Group.

Key Decision: YES (as this has a financial implication that could exceed the threshold of a key decision, and it will affect all rural wards)

Significantly Affected Wards: The local needs surveys are primarily undertaken in rural wards, so this has the possibility to involve all rural wards but will be unlikely to involve the more urban areas of central and South Ashford

Recommendations: **The Cabinet is recommended to:-**

- I. Note the content of the report and endorse the work of the rural group**
- II. Agree to increase the number of rural local needs surveys – aiming for six per annum for three years, returning to four per annum after that**
- III. A commitment to fund the rural housing surveys until at least 2025-26**

IV. Agree that communications to parishes will be prepared and that delegate authority will sit with the Head of Housing to agree this in consultation with the housing portfolio holder

Policy Overview:	<p>Building on solid foundations: delivering affordable homes in Ashford – our delivery plan for 2019-2023</p> <p>Housing Strategy Framework Priority 1 – Improve the supply of affordable housing to meet local housing needs in urban and rural areas, and Housing Statement 2018-2023</p> <p>Reform of HRA – Cabinet endorsed five key priorities for further spend, as a result of greater freedom within the HRA.</p> <p>National Housing Strategy 2011 – delivering new homes under the affordable rent model.</p> <p>A Charter For Social Housing Residents – Social Housing White Paper 2020.</p> <p>A Guide to Developing Affordable Homes in Rural Communities (Kent Housing Group) – February 2021</p>
Financial Implications:	<p>The council's 'enabling' work sits outside of its housing revenue account (HRA) and so any additional funding to support local needs surveys will come from its General Fund. Depending on the size of the parish and the response rate to each survey, each report costs an average of £3,500, so there is an expenditure associated with this decision. Currently the 2021-22 budget has £14,000 allocated for this purpose, which it is anticipated will cover four surveys.</p>
Legal Implications:	<p>Homes England requires the Council to enter into a formal agreement in relation to any grant funding it provides for affordable housing delivery. The Council is formally required to have a 30-year HRA Business Plan.</p>
Equalities Impact Assessment:	<p>See attached Appendix D</p>
Data Protection Impact Assessment:	<p>Assessment on the impact on data protection will be undertaken at the appropriate time</p>
Risk Assessment (Risk Appetite Statement):	<p>Risk is identified in the report itself in the context of the HRA Business Plan. Risk assessments have been undertaken on each of the projects being taken forward within the Business Plan and risk is assessed fortnightly by officers within the appropriate teams involved in the projects. These meetings identify any implications for the pipeline of sites being progressed. Further risk assessments are undertaken on each individual project at the appropriate time.</p>
Sustainability	<p>Under the Corporate Plan one of the three emerging themes</p>

Implications: is 'Green Pioneer' citing the Council's ambition for carbon neutrality. Any project and acquisition in any area of the borough will assess sustainability as part of its due diligence process. It is of particular pertinence in rural areas.

Other Material Implications: Local Plan Policies and Supplementary Planning Documents (SPDs), Lifetime Homes (a standard the Council has set out for Registered Social Landlords) and Code for Sustainable Homes level 3 (which has been committed to for Homes England purposes), and level 4 on energy. Emphasis on the building envelope will deliver the greatest benefits for landlord and tenant.

Exempt from Publication: **No**

Contact: Mark.james@ashford.gov.uk – Tel: (01233)

Report Title:

Introduction and Background

1. Ashford is the most rural borough in Kent. Indeed, 85% of Kent is itself classed as being rural. Residents, young and old, from rural communities wish to stay where they grew up or where their support networks are. Unfortunately, market forces are such that properties in rural areas command a high market value, often out of the reach of those wishing to buy or stay in their locality, which is where affordable housing for rent or shared ownership has a major role to play.
2. Affordable housing serves a real purpose in these communities, helping families stay together and offer intergenerational support or providing local workers for shops and businesses. It can also provide a better solution for those looking to downsize in later life rather than having to contemplate moving away from family when they need that link most.
3. Ashford Borough Council has a proven track record of successfully delivering homes in rural areas:
 - Through smaller infill sites, such as Brattle in Woodchurch and Ragstone Hollow in Aldington, which it has delivered as part of its affordable homes new-build delivery programme
 - Danemore in Tenterden, an older person's scheme which the Council built as part of its plan to remodel its independent living schemes – this was of course officially recognised with the visit of HRH The Princess Royal in February 2020
 - Two smaller sites in Shadoxhurst, where it has delivered 11 homes, a tenure mix of affordable rent and shared ownership through section 106 (s106) agreements
 - Enablement work, where the housing service assists registered providers (RPs) of social housing to deliver their own schemes – be they land-led schemes or specific allocations they are taking through s106 agreements
 - English Rural Housing Association (ERHA) have delivered a strong array of exceptional schemes on exception sites across the borough – these remain as affordable housing in perpetuity
4. The working group comprises the Portfolio Holder for Planning, the Deputy Portfolio Holder for Housing, two members of the development team from the housing service, the Deputy Team Leader for Plan Making and Infrastructure, and an external expert from a rural-specific RP, in this case ERHA and we are very grateful to Alison Thompson from ERHA for her involvement and valuable input into this group.
5. The group has looked at stock levels among the Council and RPs in the borough, as well as strategies to increase this and deliver the right rural homes in the right rural places. It has also discussed changes in the approach

over time, due to financial constraints, to the delivery of local needs surveys and the difficulty in finding exception sites in recent times.

Previous delivery

6. Previous delivery of rural sites in the Ashford Borough is outlined in Appendices A and B that accompany this report. These detail the number of affordable homes, by size, currently owned and managed by Ashford Borough Council (1,536 homes) and RPs (530 homes) in the borough.
7. Though this report is to do with provision, we know that allocation is a consideration for members. Therefore, members may be interested to note that over the past year we have advertised 85 properties in rural areas, not including independent living accommodation. Of these affordable homes, 44 of these were advertised with a preference to people with a local connection, and 32 were allocated to people with that connection. Three of the homes are still waiting to be allocated.
8. It is worth, at the outset of this report, stipulating the distinction between local connection and local need for rural sites, as these are terms often referred to in discussions and the context for each is important.

Local connection

9. This is a criterion included in the Council's Lettings Policy, where over a period of two years, 50% of rural properties within the Council's stock will be offered to applicants who meet the local connection criteria set out in the policy. The applicant will have a need for the size and type of property available, we will not under occupy.
10. Where there are no applicants with a local connection, the property will be let to an applicant without the connection. These are not properties on exception sites. On new build sites in rural locations, again not exception sites, the Council will offer 100% of the properties to those applicants with a local connection on first let. Subsequent lets will be as per the usual lettings policy criteria as detailed above.

Local need property

11. These are properties built on exception sites determined by planning under a s106, for the purpose of providing housing for local people. The s106 planning agreement will specify the criteria applicants must meet and the cascade of parishes that will be considered if there are insufficient applicants from the principal parish. These homes are usually owned and managed by housing associations – in the Ashford Borough there are a large number of rural exception sites, mainly delivered by English Rural Housing Association, who have been a tremendous supporter and investor in Ashford's rural areas over a number of years.
12. These properties are let outside of the Council's Lettings Policy, although the properties are advertised through the Choice Based Lettings Scheme, and applicants need to be registered on the housing register. The Council passes a shortlist of applicants with a connection to the appropriate parishes to the Housing Association once an advertisement has closed, and they then make a decision on who best fulfils the local connection criteria for that property.

They will prioritise those with a housing need, and who have the need for the type and size of property, but are able to let the property to someone without a housing need, or who would under occupy the property, if there is no one more suitable with the local connection.

Challenges

13. There are always barriers to housing delivery but rural areas shine a spotlight on issues such as viability and affordability. The Council's Local Plan to 2030 sees a smaller number of affordable homes for rent being delivered in rural areas under policy HOU1. This policy of course was rigorously viability tested as part of Examination and is based on the evidence from that part of the Local Plan process. It is necessarily National Planning Policy Framework (NPPF) compliant to meet with the approval of the Inspector.
14. However, to illustrate the difference between the old and current Local Plans, as an example, the Tilden Gill site in Tenterden comprises 100 homes and, as it was assessed under the previous local plan, 35 of these homes are being delivered as affordable homes. The ratio is 21 to 14 in favour of affordable rent over affordable home ownership (specifically shared ownership in this instance). The same site coming forward now would deliver 40 homes in total, so an overall increase but crucially only 10 of the homes would now be for affordable rent and 30 would be for affordable home ownership. This halves the number of homes available for affordable rent and does little to assist with the 1,350 households on the Council's waiting list at any given point.
15. Officers of housing, legal and planning policy hold regular internal liaison meetings at which, among many other constructive conversations, the topic of taking the opportunity to review the affordable housing policy as part of a Local Plan review in due course has been discussed. Any revised policy will need to meet the same criteria listed above and take into account the proposed changes to NPPF policy relating to First Homes, which is discussed in the following paragraphs.
16. In terms of affordable home ownership specifically, affordability is a major consideration. With shared ownership, the entry level is set in the Council's current s106 document as being between 25% and 75%, with owners paying rent on the remaining portion of the property. Members may be aware of recent Government consultation that suggested this level could be set as low as 10% by RPs going forward, with residents able to 'staircase' (buy more of the property and rent less) in 1% increments if they so wish. It remains to be seen if implemented how popular or viable this option is. Currently, households can staircase in increments of 10% of the property's value. RPs report that very few own actually do staircase to 100%.
17. It is worth pointing out the entry level of shared ownership as the Government is keen to roll-out the First Homes initiative it consulted on over a year ago. This would see homes purchased outright at an entry level of 70% of market value and remaining at 70% of market value in perpetuity. The aim is to make the properties affordable forever. Of course, the 'in perpetuity' element is to be welcomed but it ought to be noted that when the Council responded to the consultation it advocated local flexibility, with the entry level being lower at 60%, or even 50% where possible. This is because the Council has some shared equity schemes in rural areas of the borough and the prices of those

homes still remain beyond the first-time buyers for whom the homes are meant to be attainable.

18. Designated Protected Area (DPA) status applies to all of the borough other than the urban settlement of Ashford, Tenterden and a part of Wye. Houses in the DPA are subject to a cap on the staircasing of shared ownership homes, as the theory is that these homes are harder to replace. This is, however, not something borne out in discussions with the RPs that serve the Ashford borough, and therefore the Council adopted a policy in October 2019 of agreeing to 'waivers' on shared ownership units that are not on rural exception sites. The main reason for doing so is that there are very few mortgage lenders who understand the concept of not being able to own the property outright and so the Council applies on the RP's behalf – where requested to – for a waiver. This does mean that the homes could be lost if the owners were to staircase out to 100% but it is the most efficient way to enable households to access the housing ladder for shared ownership homes in rural communities. The Council's affordable housing delivery plan agreed at Cabinet in October 2019 details the approach the Council takes on this.
19. Finding exception sites is now a challenge as well. Exception sites are small sites used for affordable housing, retained as affordable housing in perpetuity, where sites would not normally be used for housing. Rural exception sites seek to address the needs of the local community by housing households who are either current residents or have a live/work connection to the village in question. A small number of homes for market sale may be allowed at the discretion of the local authority, to cross subsidise the delivery of the affordable units.
20. The last such site was completed by ERHA in Warehorne over two years ago. The group now believes that more proactive work must be undertaken with parish councils to identify exception sites. The 'call for sites' element of the Local Plan process is one possible aspect that hinders the exception site identification process as landowners who are unsuccessful at that stage with their sites are subsequently not keen when only offered a much lower figure per plot than they may have been expecting were their site accepted into the Local Plan for market housing. To a greater degree though, the reduction of exception sites may relate closer to the Local Plan's windfall policy HOU5, which allows for new housing 'close to or adjoining' settlements. This may lead to more people reluctant to put land forward for 'exception' site housing.
21. Of course the Stodmarsh nutrient issue may impact delivery in some rural areas of the borough in the immediate term as a mitigation strategy is found.
22. The pandemic may have had an impact on some sites but in general the issues that have been faced on rural sites are site-specific issues such as archaeological or s106 matters, and not related to the pandemic causing issues with supply chains or workforce capacity. Of course, construction was designated as a priority industry during the pandemic.

Local Needs Surveys

23. The aim of a local needs survey (LNS) is to provide an independent and evidence-based picture of the scale of housing need in a village or parish. The rural housing enabler for Kent, Action with Communities in Rural Kent (ACRK)

undertakes these surveys and the detailed information gleaned from these surveys is used to ensure new homes built contribute towards meeting the needs of existing local residents.

24. Depending on the response rate and the size of the parish being surveyed, the survey costs around £3,500. After many years of being administered through a grant process and a service level agreement, which enabled the Council to undertake one solitary survey per year, the Council is proposing through this report to enter into a single source supplier arrangement with ACRK to enable it, subject to member approval, to have ACRK conduct the increased level of surveys that it is felt is required to re-establish a picture of true local need in the borough.
25. A budget of £14,000 to accommodate four surveys has already been allocated into the budget for the 2021-22 financial year. Ideally the group would like to play catch-up slightly quicker than four surveys per annum but it needs to bear in mind capacity within ACRK to undertake this additional work. The organisation already undertakes LNSs for other local authorities, some of whom have a rolling programme. In part this is to do with the fact that other areas have not had the success that Ashford has had with delivering rural exception sites and they are trying to initiate interest with parish councils about such sites. In part it is because they face their own local challenges, around viability and the availability of value-for-money land.
26. The working group felt that creating a rolling programme of local needs surveys in the Ashford borough could act as a catalyst to bring forward more rural local needs development – as opposed to commissioning surveys when sites have been identified. Experience dictates that there will always be a need, so having the local needs survey to act as the stimulus to assist with site identification and to guide planning consultee responses would be useful.
27. With regards those responses, the housing service responds to all planning applications where a trigger for affordable housing (either a minimum of 10 units or sites on 0.5ha or larger) is met. Having an up-to-date LNS provides a credible evidence base to detail the types of homes that are required in a community – for instance homes for small families looking to get on the housing ladder, as opposed to executive 4-bed homes maybe. Of course, there is negotiation to be had and the LNS results are not binding, but the survey evidence provides a useful snapshot of local need, is given weight by planners and each survey lasts for a five-year period.
28. Currently there are only seven parishes that have an up-to-date LNS in the borough. Some of these have been commissioned by the Council and some by the parish itself. The areas that have current housing needs surveys are:
 - Appledore (current until 2022),
 - Challock (current until 2022)
 - Wye (current until 2023)
 - Egerton (current until 2023)
 - Wittersham (current until 2024)
 - Tenterden (current until 2025)
 - Bethersden (current until 2025)

29. The results of the Charing LNS carried out in January 2021 are now out and it is attached at Appendix C to demonstrate what a LNS is for members who are not familiar with them. Chilham and Shadoxhurst are expected to be the next areas, with parish councils and ward members being consulted on the survey ahead of it being issued to residents.
30. When thinking about areas to focus on initially, the Council, as indicated above, has a good understanding of areas keen to have the possibility for local needs housing in them and in which RPs or the council has the possibility of a site. In the section on communications that follows, the Council will contact parish Councils and offer them the opportunity to be considered sooner rather than later to see when they wish to have a survey undertaken in their parish. The Council will then draw up a plan for scheduling the surveys that will take place.
31. We will liaise closely with parishes about their surveys but the surveys are necessarily formulaic. While there may be a degree of flexibility to ask an additional question or two in the survey to perhaps reflect a local matter, the surveys have to have a similar methodology to them in order for accurate benchmarking to take place and for them to make sense to planners when they are considered as part of the evidence base for future applications. That way they become a standard measure when being formally considered.
32. While any LNS only provides a snapshot of need, with need always assumed to be slightly greater than that identified in the traditional 30% response rate, they also are not real-time. Therefore, this is why it is sometimes necessary when properties are completed to then subsequently allocate them to another household if no one with a local connection is available to take the property on when the properties are advertised.

Neighbourhood Plans

33. Neighbourhood plans also play a role in developing rural, affordable housing. Neighbourhood planning was introduced through the Localism Act 2011 and enables local communities to shape development and growth in their area through the production of a neighbourhood development plan, a neighbourhood development order, or a community right to build order.
34. A neighbourhood plan covers a geographic area and can be taken forward by town and parish councils or 'neighbourhood forums'. It is the role of the local planning authority to agree what the neighbourhood area should be. A neighbourhood plan, if adopted, becomes part of the statutory development plan for that area and is then used in determining planning applications.
35. Three rural areas, Wye, Pluckley and Rolvenden, in the borough currently have an adopted neighbourhood plan, and a further nine rural areas are on the journey towards producing one. It is a major undertaking for local areas and parish councils to go through this process – providing a wide range of local evidence, conducting much local stakeholder engagement, preparing and structuring the plan, identifying sites and green spaces within the agreed area, considering infrastructure and national policy, and before the plan is independently assessed and finally a referendum is held on whether it comes into force. It is therefore to the immense credit of those areas that have completed or are working their way through this process.

Communications toolkit

36. Given the complexity of the housing process, not only site identification but the viability, affordability, planning, construction, allocation and management of any scheme, it is clear that the way forward is to show that by understanding the needs of the local community a better chance is stood of developing homes that meet the local needs that each LNS will identify.
37. Kent Housing Group (KHG) is a vital network of housing providers in the county, of which Ashford is proudly a member and of which its Head of Housing, Sharon Williams, is Chair for 2021. It is worth stating that in February 2021 KHG launched its Rural Housing Protocol. The guide is a very strong document, which is extremely well written and should form the basis of any communication that the Council has with parish councils.
38. It would seem highly sensible for the Council's housing service to liaise with parishes and refer to this toolkit as and when a local needs survey is commissioned. It is therefore proposed to contact all parish councils by email to notify them of the decision to undertake a rolling programme of LNSs and to share with them the excellent KHG Rural Housing Protocol document.
39. The recommendations of this report ask for delegated authority to be afforded to the head of housing to sign off the bespoke communication that will go to each parish council, given that some have a current local needs survey, some have a neighbourhood planning process that they are undertaking and others have neither.

Community led-housing

40. Community-led housing is a relatively new concept and sees local people playing a leading and long-term role in solving housing problems, creating genuinely affordable homes and resilient communities in ways that are difficult to achieve through mainstream housing. Community-led housing provides hope to people in housing need and delivers its affordable homes in perpetuity, which is a key selling point along with meaningful community consultation, stewardship and the community membership elements involved. Members may have heard of community land trusts (CLTs), for example.
41. CLTs are a form of community-led housing, set up and run by ordinary people to develop and manage homes, among other assets. CLTs act as long-term stewards of housing, ensuring it remains genuinely affordable, based on what people actually earn in their area, not just for now but for future occupiers.
42. The role of CLTs is recognised at a national level, with the National Federation of Builders in particular supporting the way in which they are disrupting the market. Ordinarily, CLTs may be gifted land but, given that the Council has no land not already earmarked for its own development or preliminarily ruled out for development by planning, the Council has offered financial assistance at this stage to the one incorporated CLT within the borough, in Tenterden. The council will continue to support the group through networking as it seeks to develop homes in perpetuity for local residents and potentially team up with an RP to develop homes at the appropriate point.

43. The council remains an associate member of the National CLT Network and will continue to follow this rapidly growing sector, which the Government has previously invest £300m in.

Proposal

44. The working group wishes to increase the ability of the borough council and the parishes in the Ashford borough to deliver affordable homes in rural areas. Therefore, an uplift is required to the number of local needs surveys currently being undertaken, so it is proposed to increase this so that we aim for six per financial year. Currently £14,000 is allocated in the 2021-22 budget to accommodate around four surveys, which is the number that ACRK have indicated they have capacity to undertake. However, it is requested that the capacity is secured in the budget to spend £20,000 should six surveys be possible in any of the next three financial years up to 2023-24.
45. Better engagement with rural communities is essential to establish local need. To progress, we need to obtain a clearer picture of local need in our rural communities to better develop affordable, rural housing. Therefore, we will contact all parishes to notify them of our intention to increase the number of current LNSs in the borough and share the Rural Housing Protocol with them. The nature of this communication will obviously be bespoke depending on the circumstances in each parish.
46. The Council also wishes to continue to work with Neighbourhood Plan groups as well. As indicated in its affordable housing delivery plan, the ambition of the Council is to have every available tool in the affordable housing toolbox at its disposal to deliver the right results for all communities in the borough.

Equalities Impact Assessment

47. Members are referred to the attached Assessment. There are no adverse impacts on any protected characteristic as a result of this report.

Consultation Planned or Undertaken

48. Future consultation would take place with local communities when new applications are put forward – this would either be done through the formal planning process if the site was submitted by an external developer or it would take place in the form of an informal planning application if the Council was consulting on a site in its own ownership.
49. Consultation, independent of the Council would take place if a CLT or a Neighbourhood Plan was established within any rural community.

Other Options Considered

50. Leaving everything as it is, and simply continuing to fund one survey per annum would obviously reduce financial expenditure but it leaves the authority

with an incomplete, inaccurate picture of housing need in rural areas. Additionally it would leave the Council without an adequate evidence-base to guide it when responding to planning applications received – particularly to those sites that would be a windfall or an exception site. It would also risk the Council falling behind when it has striven so hard to deliver genuinely affordable housing in rural communities that meets the known local need.

51. Relying solely on the Kent Housing Protocol document is also an option but may not engage parish councils within the borough on its own. The Council has a good rapport with parishes across the borough and wishes to work with them to deliver the right rural homes in the right rural places.

Reasons for Supporting Option Recommended

52. The local needs surveys and additional consultation with parishes will deliver meaningful results – in terms of engaging key stakeholders on this important matter of where residents live both now and in the future. It will additionally raise the profile of the work that Ashford has done as a borough to deliver genuinely affordable rural homes in the past and re-state its intention to continue to lead the way in this endeavour, a key aim when Ashford is the most rural borough in the county.
53. In the context of the overall budget, the financial sums spoken about within this report are significant but not bank-breaking – especially so when the benefits to this and future generations are weighed up.

Next Steps in Process

54. If members agree the recommendations of the report then the housing services team within the Council will begin discussions with ACRK to schedule the surveys for the 2021-22 financial year. It will also begin to contact the parishes directly to make them aware of the Council's continued rural affordable housing ambitions and to share with them the KHG Rural Housing Protocol.
55. Further updates on this piece of work will be presented to members as part of the HRA Business Plan report and affordable housing programme update that are tabled to Cabinet in the autumn of each year.

Conclusion

56. Ashford must continue to lead the way in delivering affordable rural housing. The working group will continue to meet every other month and any further recommendations from the group requiring cabinet approval will be fed back in the appropriate way.

Portfolio Holder's Views

57. I commissioned the rural working group to see if we could continue our proven track record of delivering quality affordable housing in good numbers in our rural communities. This has to be pivotal to our overall success given that

Ashford is the most rural borough in Kent. I firmly agree with the working group's recommendations that more engagement with key stakeholders in those communities and increasing the number of local needs surveys will help us to identify more sites to try and bring delivery closer to demand.

58. Delivering quality homes for people in order for them to stay in the area in which they grew up, or have lived and been part of community life, is really important and we hope through these actions that we can continue to identify suitable sites that will ensure Ashford's rural affordable housing delivery continues to lead the way in the county.

Contact and Email

59. Mark James email: mark.james@ashford.gov.uk
60. Mark James phone: 01233 330687