

*This paper has been prepared by District Councillor Judy Pearce for information for the Neighbourhood Plan Steering Group and parish residents*

## **AFFORDABLE HOUSING IN THURLESTONE PARISH**

**Affordable housing** is defined in Annex 2 of the National Planning Policy Framework (NPPF) as ‘social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market’. The definition in the glossary then goes on to explain how this works. The NPPF can be viewed at: <https://www.gov.uk/government/publications/national-planning-policy-framework-2>. Other forms of housing which can be considered affordable, such as, community land trusts and cohousing, are not discussed here as they are not included in the NPPF definition.

It is well known that since the early 1980s it has been possible for former council house tenants to buy their properties at well reduced prices. This has to some extent reduced the number of affordable properties in the parish, but with 47 affordable houses still remaining, the parish is fairly well supplied when compared to the resident population of the parish.

The following is a brief account of changes in recent years and what this means, especially as far as the affordable housing stock in the parish is concerned. There is also some indication of what may be in the pipeline.

### **1.1 Affordable housing stock in the parish**

1.1.1 The affordable housing stock in the parish has been added to over the years. The oldest houses are probably pre-Second World War in Sea View Terrace in **Thurlestone**, with the more recent additions of five bungalows at the top of the road, four bungalows opposite in Island View and ten bungalows in Sea View Road. There are more bungalows dating from the 1960s in Glebe Field. In Parkfield, there are five pairs of semi-detached post-Second World War houses and later bungalow additions behind them in Parkfield Walk and on the other side of the road. There is also the recent addition of four new eco-houses on the old telephone exchange, which were completed in 2013. There is no affordable housing in **Bantham**, but in **West Buckland** there are three pairs of semi-detached houses built by the local authority in the early 1960s. All these houses and many of the older houses and bungalows in Thurlestone were sold off under Mrs Thatcher’s Right to Buy in the 1980s to long standing tenants and are no longer part of the affordable housing stock in the parish.

1.1.2 The affordable housing stock in the parish is all located in Thurlestone and consists of:

- 11 three bedroomed houses
- 1 two bedroomed house
- 1 four bedroomed bungalow
- 5 three bedroomed bungalows
- 14 two bedroomed bungalows
- 15 one bedroomed bungalows
- 47 properties in total

1.1.3 All the houses are for '**general needs**' meaning there is no age restriction on allocation of any vacant properties. We do not have the breakdown of whether all the bedrooms are suitable for two people or if there are any single bedrooms in the properties. Generally, children of mixed sexes are expected to share at least until the age of eight, when the family becomes eligible for a transfer to a larger property. This can cause problems if none is available. Usually, properties will not be allocated if there are spare bedrooms because of the housing benefit restrictions on families with working age parents, who have to pay the extra room supplement ('bedroom tax').

1.1.4 Nine of the two bedroom bungalows are restricted to occupancy by the **over 55s**, as are 6 of the one bedrooms ones. The balance of bungalows is for general needs. It is relatively unusual to have a number of general needs bungalows (20) as they tend to be reserved for older people, but does mean there is an opportunity for single people or childless couples of any age with a local connection and some housing need, to have a chance of occupancy.

## **1.2 Explanation of the different tenancies at present and how this affects occupation**

1.2.1 Until the Coalition Government introduced reforms in 2010 onwards, all affordable housing was let on a '**social rent**' **lifetime secure tenancy**. This was a relatively low rent, with all repairs and any improvements being carried out by the landlord. All properties are now owned by 'registered providers', or housing associations as they are better known. The main owner in the parish is Devon and Cornwall Housing Association, which is an amalgamation of several smaller local associations. South Devon Rural Housing Association owns the four new eco-houses in Parkfield and Westcountry Housing Association owns ten bungalows in Sea View Road.

1.2.2 A lifetime tenancy offers absolute security to the occupant, but can produce difficulties both for the occupants and the housing association. Many older lets are occupied by a couple or single person once the family has left home. They in turn, as they age, encounter difficulties with heating a larger house

and the upkeep of the garden. Because, however, most houses remain let on these tenancies there is a permanent shortage of alternatives. Generally, the housing associations are not as pro-active as they could be in incentivising downsizing to free up family-sized properties.

- 1.2.3 A new tenancy called '**affordable rent**' was introduced in 2011. This is based on 80% of the local lower quartile open market rents in the area and is an 'assured tenancy'.

We shall get details of these as part of the Housing Needs Survey due to be carried out by the District Council's Housing department. The problem in the immediate area is that local market rents are very high and even 80% of this is barely affordable for local people on the average local wage. The reason for introducing affordable rent was that the Coalition Government, in times of austerity, was no longer able to make huge grants available to local authority areas to subsidise affordable housing. The idea behind affordable rent is that the rent not only covers the mortgage raised by the housing association on the property, but leaves some over to go towards building new stock. The problem with affordable rent is that many households have to claim housing benefit, which is still a charge on central government. The other aspect of affordable rent is that the tenancy is granted for a much shorter period. The shortest is three years, but it is usually for five years. It will normally be renewed automatically, but if there are any changes in circumstances, there is an opportunity at this time to move to more suitable accommodation – smaller or larger, depending on family circumstances. However, the ability of the housing associations to offer alternatives when a move is indicated, is still limited due to the high number of lifetime tenancies still in force, but should get easier over the years. This will afford much better occupancy levels in the existing stock and also cater better for people's needs. Most lets since 2011 have been on this tenancy basis.

- 1.2.4 Another reform by the Coalition Government was to introduce the 'extra room supplement', commonly, but erroneously, known as 'the bedroom tax', since it is not a tax. The principle on which it is based is that affordable housing tenants should only occupy the accommodation they require and that any spare bedrooms over and above this should be charged a supplement. The supplement is not covered by housing benefit. This may be fine in principle, but has led to problems because of the lack of alternative accommodation to which to 'downsize'. Additionally, anyone above pensionable age is not subject to it, leading to considerable under-occupancy of family-sized homes which is not being addressed. In general, there is a shortage of single bedroom accommodation, but not in the parish, as there are several one bedroom bungalows.

1.2.5 A further option often offered, but none so far in Thurlestone parish, is **'shared equity'** or **'shared ownership'**. This means that the occupier pays a mortgage on a proportion of the property, but rents the remaining portion. This is a way of building up equity for those not able to afford to access market housing outright. Usually in rural areas the purchase proportion is restricted to 80% to safeguard the stock. It is however, not a very popular option because there are few mortgage providers, as they are always wary of the 'mortgagee in possession' clause and as a result, the mortgages are not the cheapest available. Additionally, owner-tenant has to bear the full repair and maintenance of the property even though they may only 'own' a 50% proportion. About half the new build properties in the South Hams since 2008 have been on this basis. This considerably reduces the number of new affordable houses to rent available, but again, does not currently affect our parish.

1.2.6 Also included in the present definition of affordable housing is **'Discounted market sale'** or **'intermediate housing'**, but only so long as the discount is preserved in perpetuity. Typically, the market price is discounted by 20% or 25% and the discount is passed on to subsequent purchasers. The 'local covenant' and 'Devon covenant' are variations of this option and apply to all ex-council house and housing association properties purchased by occupiers in our area. The Devon covenant ensures that a property is sold at a restricted price to people who have either lived and/or worked in the area for the three previous years.

## 2.1 **Government reforms underway and what this could mean for the parish**

2.1.1 Several amendments to the definition of affordable housing have been proposed in the Government's new Housing and Planning Bill. One of these is **'Starter Homes'**. The government is mooting that all major developments will have to provide this type of 'affordable housing'. It will consist of new build houses for sale to first time buyers (under 40) at least 20% less than market price. However, any such reduction in this area would not make houses affordable to those on an ordinary wage, so it remains to be seen exactly how this could work here. After five years, the occupants can then sell the house at full market value. The details are not yet clear and no one is sure who pays the discount, or whether the remaining 80% of house prices will just increase to subsidise it. There will be other options. Full details are still awaited and will become clear when the NPPF is revised.

2.1.2 Other models are being developed locally by private equity firms and other organisations. These rely on the provider buying the property, letting it to a tenant at affordable rent, which is then counted towards a deposit. After five years, the tenant can then start to buy or move on. Whilst these are helpful

options, the 'loan' on the capital purchase price is not free and the accumulated interest charges can be quite high in the long run.

### 3.1 Conclusions

3.1.1 In conclusion, a housing needs survey is to be recommended. It will help to identify any hidden need of which either the parish or the District Council may be unaware. It will also heighten awareness of those in housing need that they need to be on the Home Choice Register in order to be eligible for a local allocation. It will also be a good indication of the exact size of the housing need in the parish and to what extent any new affordable houses are really needed. Adding to housing association stock is likely to be very difficult and uncertain in the future. The main source will be through large developments where a proportion, typically 20-30%, is delivered as affordable stock. This is unlikely to happen in the parish. More innovative ways of providing housing to buy and rent which is affordable for local people may be a better route, but will require considerable imagination and effort by the parish.

#### Useful reading:

Local allocations policy: explains why a 'local connection' policy applies to Thurlestone parish, how this works and who qualifies.

<http://www.southhams.gov.uk/CHttpHandler.ashx?id=16208&p=0>

Downsizing: explains the benefits of downsizing.

<http://www.southhams.gov.uk/CHttpHandler.ashx?id=4372&p=0>

Devon Home Choice: explains how to register with Devon Home Choice and how to bid for available properties.

<http://www.southhams.gov.uk/CHttpHandler.ashx?id=1124&p=0>

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