

South Tyneside Council

Responding to your Strategic Housing Market Assessment

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TABLE OF CONTENTS

- 1. Introduction 3
- 2. Increasing delivery of housing supply 3
- 3. Increasing the delivery of affordable housing 4
- 4. Supporting the excluded middle markets into homeownership 8
- 5. The higher value offer 9
- 6. Improving standards in the private rented sector 9
- 7. The expansion of the Private Rented Sector 11
- 8. Delivering for older people..... 12
- 9. Making best use of existing stock 13
- 10. Responding to welfare reforms..... 14

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1. Introduction

- 1.1 This report complements the Strategic Housing Market Assessment (SHMA) recently prepared for South Tyneside Council and proposes a series of policy and practical responses that the Council should consider to address the key strategic findings.
- 1.2 These are not intended as recommendations to the Council but provide a focus for discussion in determining policy, strategy and actions to respond to the findings. The Council has recognised the need to address a number of the strategic findings and is planning to develop an Integrated Housing Strategy that:
'holds fast to its long term vision for a future South Tyneside but is agile to adapt to change and take advantage of opportunities for investment when they arise'
- 1.3 This report is structured around a number of the key findings within the evidence base and uses the data sources within it.

2. Increasing delivery of housing supply

- 2.1 The SHMA confirms that the population is increasing from 67,200 households in 2011 to 72,300 by 2021 and 79,600 by 2036. Economic activity remains a strong driver of in migration, and the Local Investment Plan will help to drive the future economy, however, those that leave tend to be younger households. Of those looking to move in the next five years 14.2% are planning to leave South Tyneside.
- 2.2 The Council needs to ensure that it creates a residential offer that retains existing residents and continues to attract economically active households to the area. Getting the housing offer right in terms of type, size, tenure and price/affordability, and in neighbourhoods that are sustainable in terms of popularity, low crime, quality environment and access to services is critical in underpinning future economic success. The interdependence of the economic, housing and planning strategies is critical.
- 2.3 There is a need to diversify the housing offer; to create larger family housing and a higher value offer, but there is also a need to deliver a range of tenures including longer term private rented options, and products to enable access into homeownership. These are considered below, but in order to deliver them the Council needs to ensure that housing supply is increased, one means by which this is happening is via the proposed Accelerated Housing Development Zones, where the focus is on increasing the volume and quality of homes.
- 2.4 The strategic question is whether the Council can do more to bring forward housing supply, and ensure that the right type of housing is delivered. Within the Government housing policy, there has been a shift away from large scale spending programmes and grant allocations towards incentives schemes such as the New Homes Bonus and private finance vehicles. In terms of regeneration there is a general move away from housing led regeneration to economic growth. Housing delivery has undergone a fundamental shift since 2007 and there are many new models of funding and delivery that are being implemented elsewhere. It is likely that the Council will need to look at these models if it is to be successful in delivering the planned open market and affordable housing numbers, and the right housing mix. This is particularly challenging in lower

value areas. Elsewhere, Local Planning Authorities are working closely with funders, developers and others to create new funding sources and delivery models. Imaginative solutions are needed to bring more money into the system - and to reduce costs, and the Council will have to be prepared to think radically, to form effective partnerships, and to maximise the efficiency of funding and development.

- 2.5 The Council will need to seek out new ways of delivering new housing supply, which are likely to include:
- The potential of the Infrastructure (Financial Assistance) Bill which will guarantee up to £40 billion debt for major infrastructure projects and up to £10 billion to fund the delivery of new homes.
 - New delivery vehicles where the public sector takes on risk (and profit) alongside other public and private sector partners.
 - The use of public sector assets, particularly land and different approaches to return such as deferred land payments.
 - Potentially utilising public sector resources to fund (invest) development by providing credit for developers.
 - New investment sources including Regional Growth Fund (RGF), Tax Increment Finance (TIF), New Homes Bonus and institutional investment.
 - The development of revenue based products to support sales and de-risk delivery.
 - Ensure that the Council takes a sub-regional approach to new development and takes advantage of economies of scale.
 - Investigate the potential of self build.

3. Increasing the delivery of affordable housing

- 3.1 The SHMA has identified an annual net shortfall of 138 affordable homes at Planning Policy Area level, this equates to a 310 home annual gross shortfall. This excludes any potential pipeline provision which would help offset the imbalances identified. Whilst this should not be considered as a target for delivery of new affordable homes, it is an indication of the imbalance in the housing market. These affordable need estimates are based on CLG SHMA guidance modelling, and may in fact be higher, as they are simply based on an income multiplier/access to equity, and not on the ability of households to actually access a mortgage.
- 3.2 In terms of tenure preferences, the majority of households in need identified a preference for social rented housing, whilst just over 10% indicated a preference for intermediate housing.
- 3.3 32.6% of South Tyneside's housing stock is currently affordable (based on survey evidence), which is much greater than the regional average of 24.3% and national average of 18%. The Council needs to make better use of the stock that it has. However, the spatial distribution of the stock means that the highest affordable housing shortfalls are in Riverside and Jarrow and Boldon.

Planning policy

- 3.4 Generally delivery of affordable housing through the planning system has become more difficult. Affordable housing delivery is currently based on viability and whilst this is appropriate, the Council may need to take a more rigorous but flexible approach to ensure that affordable housing is delivered in the future. The Council's requirement for affordable housing is likely to come under increased scrutiny given the new Government announcements to relax the delivery of affordable housing for stalled/challenging sites.
- 3.5 When developing its new affordable housing policy approach the Council will need to consider both the SHMA evidence of need and the findings of its Economic Viability Assessment carefully, along with recent rulings from the Planning Inspectorate regarding local plan affordable housing policies, to ensure that a balance is struck between both CIL and affordable housing requirements.
- 3.6 The identified need for 138 affordable homes per annum equates to between 31% and 39% of the Council's overall future annual average housebuilding rate. This is significantly higher than the Council's existing policy target of 25%, which is proving difficult to deliver in the current economic climate. It will therefore be important for the new Local Plan affordable housing policy to retain as much flexibility as possible to enable it to adapt to changing economic circumstances.

Thresholds and targets

- 3.7 Therefore, whilst an affordable housing policy with a single, borough-wide target and threshold represents the most straightforward approach, it may not necessarily be the best fit for South Tyneside's new Local Plan, and the Council will need to weigh up new policy options carefully. Some of the options for consideration are briefly explored here.
- 3.8 In areas of higher demand and/or limited supply opportunities (such as rural areas) differential targets and thresholds may be more appropriate; whilst in areas of lower demand a lower target for affordable housing delivery is likely to be more appropriate. That said, a universal target could remain an option, with the capacity to secure an element of affordable housing in lieu via a commuted sum payment in certain localities – this could work well in areas where regeneration is a high priority and additional funding could be used to improve the condition of existing affordable homes, making them and the area more viable/sustainable.
- 3.9 An alternative approach is for the policy to adopt a range of affordable housing targets, for example, between 20% and 30%. However, this approach could become subject to regular challenge with an economic appraisal on each site being likely. This is likely to be labour and cost intensive for both applicants and the Council.

Annual review and market triggers

- 3.10 Even differential targets and thresholds however do not address the issue of how an affordable housing policy can keep pace with changing housing market circumstances. To this end many authorities are exploring ways in which their emerging Local Plan policies can be kept up to date to enable them to be more responsive to their evolving local housing markets. Following an economic

viability appraisal, the City of York Council has recently reviewed its affordable housing policy targets and thresholds with a view to facilitating stalled development, this has included increasing site thresholds (to 15 dwellings in urban areas), seeking lower levels of affordable housing (20% on brownfield sites and 30% on greenfield), and in rural areas on developments of 15 dwellings or less seeking financial contributions only. Detailed calculations for commuted sum payments are contained within the guidance, and are based upon the average property price for the City minus the fixed price that an RSL can pay for an affordable home, multiplied by the appropriate affordable housing percentage target. The City Council is also developing a new Supplementary Planning Document (SPD), which will have within it an annual affordable housing target that will be reviewed each year, enabling the policy to respond to the changing housing market more swiftly (this is known as the York Dynamic Model); the SPD will also set out the process of negotiation, on site expectations with regard to integration and quality, tenure mix, subdivision of sites, application of grant, nomination criteria, and viability assessments.

- 3.11 Reviewing the policy targets annually may not be practical either for developers (where developments often have a long lead in time) or the Council, especially during times of limited resources and capacity. However, it is important that some flexibility is retained within the policy to enable it to respond to changes in the housing market when these occur – for example, when house prices and land values start to increase. It may be more appropriate to build a short to mid-term review date into the policy, say every three years, thus enabling the Council to adopt a relatively short term target, which can be reviewed relatively quickly and so respond more swiftly to any changes in the market.
- 3.12 Alternatively, a simple trigger within the policy, linked to house prices (readily available from Land Registry data and therefore open, transparent and cost effective) may be just as effective, with a review of targets and thresholds being triggered when house prices reach a predetermined level. The level at which the review is triggered, and the subsequent revised targets and thresholds implemented, are all things that can be assessed through the pending Economic Viability Assessment and so incorporated into the emerging policy, providing it with the strength and robustness necessary for implementation. This option would seem to present the Council with an effective way forward and further exploration and assessment through the Economic Viability Assessment is to be recommended.

Facilitating affordable housing delivery

- 3.13 The Council is planning to establishing a Housing Development Subsidiary Company to build 400 new affordable homes. In ensuring that affordable housing is delivered the Council will need to consider the options presented to increase delivery generally including:
 - Developing land packaged sites that link good quality sites with more challenging sites to bring new schemes forward.
 - Identifying a wider definition of affordable housing that delivers housing at less than market levels but not strictly within National Planning Policy Framework definitions to be introduced where scheme viability will not support full

affordable targets. This could be undertaken on a 'for profit' basis that would allow cross subsidy to affordable housing.

- Opportunities to access increased funding from the HCA.
- Identifying the potential to create new delivery models such as the Community Land Trust model or Co-operative and self build options.
- Delivering affordable rented housing units on a time limited basis, say 10 years, and then reverting the properties to a higher rental market/sale. This is likely to enable schemes to improve their financial viability and potentially provide an opportunity for other forms of investment, particularly institutional investment.

Housing Investment Fund

- 3.14 The Council is trying to deliver new affordable housing and regeneration with limited financial resources. Creating a Housing Investment Fund would enable the Council to have increased flexibility to deliver its wider housing agenda.
- 3.15 The Housing Investment Fund would be used to fund affordable housing, regeneration priorities that remain economically unviable, and to fund homeownership access products.
- 3.16 The Housing Investment Fund would be used as investment funding, and financial returns would be required, but with returns at lower than commercial rates. As the fund grows and the Council expands its expertise, the fund may be used to purchase land enabling the Council to act as a profit making developer. The potential sources of funding include:
- All future New Homes Bonus
 - Funding from Commuted Sums. The Council should introduce a commuted sum payment on sites where it is more appropriate (and desirable) to deliver affordable housing off site. This is likely to mean that in some areas there will be no on site affordable housing provision, which may potentially be a better option for the Council offering increased funding flexibility.
 - Funding from developer charges below threshold. The Council should introduce a below threshold developer charge for smaller housing sites, particularly in rural areas.
 - Prudential borrowing as agreed by the Council.
 - The sale of land or assets (buildings) owned by the Council.
 - Right to Buy sale proceeds.
 - Selling high value social stock.
 - Financial headroom in the social housing business plan.

4. Supporting the excluded middle markets into homeownership

- 4.1 A household income of £21,429 is required for a lower quartile priced property to be affordable, and an income of £28,571 is required for a median priced property. According to the ONS Annual Survey of Hours and Earnings, lower quartile earnings in 2011 across the South Tyneside area were £17,124 each year, which compares with £17,316 for the North East region and £18,720 for England. Median incomes were £23,504, compared with a regional median of £23,447 and a national median of £26,395.
- 4.2 There are no reported intermediate tenure households based on the household survey but CORE sales data would indicate that eight intermediate dwellings become available each year; this is very low.
- 4.3 Prices in South Tyneside have been consistently lower than the median prices for Tyne and Wear and the North East. Overall, prices have increased from £44,950 in 2000 to £92,550 in 2011, an increase of 106%. Prices first peaked at £120,000 in Q4 2007 and after falling reached a new peak of £122,500 in Q4 2009. During 2012 (February to July), median prices across South Tyneside were £100,000 and lower quartile prices were £75,000. In terms of relative affordability based on lower quartile prices, South Tyneside is one of the most affordable districts in the North East, with an income to house price ratio of 4.52.
- 4.4 However, this means that many locations will be out of the reach of first time buyers given the tight lending constraints limiting choice and options for economically active households looking to get onto the housing ladder.
- 4.5 The excluded middle market households are those households that many authorities want to retain and attract; they bring skills and prosperity to an area and support economic growth. This is a new and significant priority group, which seeks homeownership and market/sub market long term rented properties. This group can sustain home ownership but require support to access it. This creates a debate about the extent that housing delivery, for those that require support, should focus on affordable housing for those in need versus the increasing focus on the 'excluded middle market'. This group are excluded from social rented homes because of their incomes but equally excluded from homeownership given the complexities around lending criteria and affordability.
- 4.6 The relative affordability of the area, particularly for first time buyers, means that price is unlikely to be the primary driver for limiting access to homeownership, and products that have been offered by developers and Government bring open market house prices in line with shared ownership and shared equity products. It is likely that the Council needs to prioritise 'access' products to enable access onto the housing ladder for first time buyers.
- 4.7 If the Council wants to retain and attract this target group, it will need to ensure that a housing offer is delivered for them. This will mean potentially providing or negotiating products on new development sites that enable access into homeownership. This was identified as a priority by stakeholders. Potential products include:
- A cash deposit loan placed as a second charge against the property; or a low interest loan is likely to work equally well. The low interest loan would be repayable over a five to seven year time frame.

- A rent to purchase product with options to save for deposits, enabling potential purchasers to commit to a property and neighbourhood without having to purchase. This product can improve viability on more challenging sites and may be particularly helpful on sites where affordable housing requirements are challenged through S106 Agreements.
- Ensure that NewBuy and FirstBuy type products are delivered on sites; £280m has been announced for FirstBuy, to extend the FirstBuy scheme to March 2014.
- An equity loan available for up to 10-15% of the cost of purchasing a property on the open market, requiring a deposit of 5% from the purchaser, would enable purchasers to buy on the open market; there is no such product available. The existing market offers an increased choice for purchasers and can often offer better value for money than new build. In the current economic climate many purchasers will take on existing properties at lower values, reflecting the investment required in them, to get onto the housing ladder and over time undertake improvements.

5. The higher value offer

- 5.1 The household survey identifies 6,620 households with an income of at least £950 each week. Of these households, 1,700 are intending to move in the next five years. Of this group of high income households, 80.3% stated a first preference location within South Tyneside (particularly Riverside (23.7%) and West Shields, Cleadon and East Boldon (22.7%)). A further 19.7% stated their first location preference to be outside South Tyneside, but principally this was outside Tyne and Wear.
- 5.2 The Council needs to create an offer to meet the needs of this group and so needs to define what the higher value offer looks like - its value and location. The ability for these schemes to deliver affordable housing is very limited. Often only small numbers of homes are built per development, sometimes only single units are built, and so the development is usually below the affordable housing threshold and if not, delivering affordable housing on site is unlikely to be a popular option for developers and purchasers alike. We propose that on these sites, the authority introduce a development charge (for a site below threshold) if properties are over a certain (to be defined) value. This charge can then be utilised in the same way as a commuted sum and could fund homeownership access products.

6. Improving standards in the private rented sector

- 6.1 The current private rented sector is particularly small (7.1%) compared to owner occupation (60.3%) and social rented (32.6%)¹; Nationally the private rented sector equals the social rented sector at 17%².

¹ Household survey 2012 arc⁴

² English Housing Survey 2010

- 6.2 The household survey estimated that there are around 4,830 households renting privately across South Tyneside, broken down as follows:
- 1,202 rent furnished properties; and
 - 3,627 rent unfurnished properties.
- 6.3 Key observations include:
- Flats account for 50.9% of occupied private rented dwellings, houses account for 46.1%, bungalows 1.6% and other property types 0.6%; flats account for 61.7% of furnished rented properties;
 - 54.5% of private rented accommodation has two bedrooms and 30.7% has three bedrooms. 10.7% of private furnished property has one bedroom or is a bedsit and 4.2% have four or more bedrooms;
 - Overall, 16.5% of private renters expressed dissatisfaction with the state of repair of their accommodation. Dissatisfaction was highest amongst furnished renters (17.5%).
- 6.4 However, tackling this sector is a significantly resource intensive task and in the current climate where budgets are tightening, we do not propose options that would require significant resources to be required. Instead we have considered options to begin to increase awareness and self regulation within this sector. The tenants living in the private rented sector don't have a 'voice', and their identity is largely limited to what's known from limited data sources and anecdotal information. If the Council wants to make a difference sooner rather than later, then they need to understand more about tenants' lives, and what types of interventions will have the most impact. This is supported by the Council in its plan to commission a study of the future role of the private rented sector.
- 6.5 Whilst we support independent research being undertaken, the Council may wish to consider:
- Developing a private sector tenant forum, beginning with tenants who live in accredited homes, as in theory their landlords should be comfortable with this approach. Such a forum could also provide scrutiny to any accreditation scheme, at a time when the Council is likely to have less capacity to do this. Tenants who are not living in an accredited property may be encouraged to get involved/speak up if others are leading the way.
 - Develop an on-line community with, and for, tenants. This could provide a 'one stop information and advice shop', enable tenants to connect to and support others, and be the 'go to' place for engagement with the tenants by other organisations, such as statutory authorities or private sector interests, e.g. energy companies. A housing association partner may be interested in developing this with the authorities. Funding is available to develop initiatives that increase volunteering and develop skills.
 - Work with tenants and advice agencies to develop a tenant's checklist which can be used by people looking for a new home in the sector, and by existing tenants if they want to assess the quality of their accommodation.
 - In 2011 the Consumer Association recommended that a 'Trip Advisor' type website be established for tenants to comment on landlords and letting agents. This recommendation was not accepted by the National Landlords

Association, despite there being a similar service for landlords to check prospective tenants. The Council may wish to consider developing a similar local approach.

- The Council needs to ensure that targeted information and advice is provided to tenants and landlords about the Green Deal scheme. The Council should provide targeted information to tenants about how to improve thermal comfort in their homes for low or no cost, and how to manage their energy use in their home.

7. The expansion of the Private Rented Sector

- 7.1 The private rented sector is relatively small at 7.1%³. The Government's Housing Strategy⁴, recognised an increasingly important role for the private rented sector both in meeting people's housing needs and in supporting economic growth by enabling people to move to take up jobs elsewhere and to respond to changing circumstances.
- 7.2 A report published by Shelter and the Resolution Foundation in June 2012 predicted that social housing and mortgaged homeownership would continue to decline, with an increasing role for the private rented sector. The private rented sector is growing; the number of private rented homes has increased from 2.2 to 3.7 million since 2001, with the proportion of 17% equalling the social rented sector in 2010⁵. There was a 32% increase in gross lending in buy-to-let over 2011. Further growth could come from institutional investment, specifically in build-to-let at scale, and homes targeted at 'low-to-middle earners'⁶ who are unable to access home-ownership (the topic of the recent Montague review⁷ the very group that the council will want to retain and attract to support economic growth and deliver a local labour force).
- 7.3 Government plans to deliver 5,000 homes for market rent through the use of loans or equity to provide project finance. This is in direct response to proposals outlined in the Montague Review. It will establish a taskforce bringing together developers, management bodies and institutional investors to broker deals with the aim of delivering more rented homes.
- 7.4 The Council may wish to consider this agenda within a sub regional approach and undertake further research that identifies:
- The gaps in provision and the potential locations for new provision.
 - The appetite for developer and investment interest and how this might link to wider development and investment across the area.

³ Household survey 2012 arc⁴

⁴ Laying the Foundations, A Housing Strategy for England November 2011

⁵ English Housing Survey 2010

⁶ Defined by the Resolution Foundation as 'those members of the working-age population in income deciles 2-5 who receive less than one-fifth their gross household income from means-tested benefits'

⁷ Review of the barriers to institutional investment in private rented homes DCLG August 2012

- A management model and rental offer that meets the needs/demands of this client group; likely to include longer tenancies and stable and predictable rent levels.
 - Registered Provider appetite for delivery and management of this sector.
 - The potential to attract institutional investment and opportunities through new delivery models such as Real Estate Investment Trusts.
- 7.5 The Council should also consider the opportunity to develop larger, longer term rental units that provide flexible accommodation of sufficient size to enable households to undertake home working; a growing market sector nationally. This will require larger homes and additional rooms with overall lower density.

8. Delivering for older people

- 8.1 A major strategic challenge for the Council is to ensure a range of appropriate housing provision, adaptations and support for the area's growing older population. The number of people across the South Tyneside area aged 65 or over is projected to increase by 19.8% from 26,951 in 2011 to 32,285 by 2021.
- 8.2 The majority of older people (66.4%) want to stay in their own homes with help and support when needed and the vast majority of these households are owner occupiers. Particularly noted is the need for help with gardening (27%), repair/maintenance (23.7% stated this help is needed either now or in the next five years) and help with cleaning (18.2%).
- 8.3 In terms of adaptations, most frequently mentioned were the need for bathroom adaptations (by 15.2% of older person households), better heating (12.7%), stair lift (8.4%) and a downstairs w/c (8.2%). Resources for aids and adaptations remain tight, particularly for households in the private sector. Alternative sources of funding, such as equity loans, should be considered to finance remedial measures required by older person households.
- 8.4 There is a degree of interest in a variety of older persons' accommodation, with 25.4% interested in renting sheltered accommodation, 15.8% renting extra care accommodation; a further 21.1% would consider renting from a housing association and 13.9% buying on the open market. This evidence suggests a need to continue to diversify the range of older persons' housing provision. Additionally, providing a wider range of older persons' accommodation has the potential to free-up larger family accommodation.
- 8.5 There are major implications of an ageing population that the Council needs to consider and plan for. The choice to live independently for longer, reducing the requirement of specialist provision of accommodation will have implications for the current sheltered stock model, particularly if it is not able to adapt to the changing requirements of older people. The growing trend for older people to live for longer in their own homes before seeking specialist accommodation is supported by Government. The Council will need to consider the following options:
- Developing housing options that include long term rental products which enable older people to downsize and free up equity and larger family housing; potentially offering financial incentives around support to move etc.

- Partnering with a housing association to develop a product for older people that gives older owner occupiers the opportunity to access an ethical equity release product on their existing home. The equity released should be used to invest in a long term care package, or to pay for ongoing maintenance and repairs.
 - Extending the reach of Home Improvement Agency services to encourage efficiency, innovation and social enterprise in service design and to ensure that the Green Deal works for older people.
 - Supporting the development of innovative solutions, such as Homeshare where older people are under-occupying homes. The Council could offer a 'vetting' and management service for older people prepared to offer a room for rent to young people, particularly those affected by the increased age of the single room rate. This has a number of benefits; it offers additional good quality accommodation to the Council without significant capital investment and enables older people to access additional income, security and support whilst remaining in their homes.
- 8.6 However, the increase in 'older' old people is very substantial and there will certainly be a requirement for specialised housing provision for some people, which the Council will need to explore further, including the feasibility and economic benefits of new housing options models.
- 8.7 As part of its planning policy review the Council may wish to consider proposing that new developments include a percentage of housing suitable for older people. This would need to be defined but would enable long term independent living, and enable older people to downsize into a purpose built new build home suitable to their needs. This is an option currently in place in West Lancashire Borough Council, where 20% of new development needs to be provided for older people.

9. Making best use of existing stock

- 9.1 A total of 1,553 dwellings were reported as vacant in 2011 representing 2.2% of total dwelling stock⁸. Given the challenges in delivering affordable homes, this raises the profile of bringing these homes back into use. Further work is required to investigate the reasons that empty homes remain empty but the Council should consider a number of options to bring them back into use, particularly to deliver affordable housing or sub market rented housing to support the excluded middle market. The Council is planning to develop a private sector leasing scheme to support this objective and has a lease model planned.
- 9.2 The Council may wish to consider looking at the financial viability of a lease and repair model to invest in empty homes, bring them back into use and provide them at a below market rent for a minimum period of time. The owner would retain a smaller amount of rent whilst the initial capital costs and management fees would be paid through the remainder. It is likely that this could be self financing and the Council could seek funding in round 2 of the Empty Homes Fund from the HCA, particularly if it is recyclable. The Council may be able to

⁸ 2011 Housing Strategy Statistical Appendix

introduce a purchase and repair model, depending on the plans of owners, and generate further funding to reinvest in empty homes as properties are improved and sold. There are many such models available to consider. The Council may also identify other options for bringing homes back into use such as zero interest short term loans and potentially homesteading schemes, which are proving very successful.

- 9.3 The Council could link empty homes and first time buyers. To deliver this initiative the Council would need to promote a loan option (which could be funded through the Housing Investment Fund) that owners of empty properties can access. The model is based on supporting 'existing' owners of empty homes to sell their properties to 'new owners' who are prepared to access a loan from the Council to fund the improvement works. The loan would be placed as a second charge on the property but there would be no repayments or interest on it. The owner would undertake improvements on the property and move in. The model is based on an increasing value in the property after the improvements are undertaken. The owner would have up to five years to repay the loan which could be repaid on an interest free basis. The assumption is that an owner would be able to re-mortgage the property after three to five years and could repay the loan.
- 9.4 arc⁴ has found that many first time buyers are prepared to purchase a property in need of repair and improvement, for a reflective market value, to get onto the housing ladder⁹. When they have lived in a property for a number of years and developed a track record with a lender, re-mortgaging to repay the loan should be relatively straightforward. If an owner is unable to do this, the loan can revert to an equity loan and be repaid on sale.

10. Responding to welfare reforms

- 10.1 The Council, like any other, will be hard hit by the Welfare Reform changes and whilst we need to better understand the plans in place, we propose that a discussion is held around the supply of shared accommodation to respond to the need of single households under the age of 35. There is a potential to develop high quality, well (and carefully) managed Houses in Multiple Occupation across the Authority. It is likely that housing associations would be well placed to develop/convert and manage these units and, given the levels of rental income available, these are usually viable options.

⁹ This is evidenced research through a number of surveys and focus groups for clients around the Country in the past 12 months