Harborough District Council – Mechanisms to Increase the Supply of 1 bed housing

Advice Note

Jan 2023

1 Executive summary

1.1 There is a recognised need for additional 1 bed homes in Harborough District Council (HDC) and to varying extents across Leicester, Leicestershire and Rutland. Demand for 1 bedroom accommodation accounts for 47% of households registered on the Harborough Homes housing register. Over two thirds of those households are people under 55 years of age.

1.2 Despite this high level of demand, and a good supply of new affordable housing in HDC, new supply has featured very few 1 bed homes and the proportion continues to fall.

1.3 The reasons behind this shortfall are not specific to HDC. Nationally, 1 bed homes make up only 6% of all new homes. Developers respond to the market, which is preferring family housing. This has been exacerbated by the Pandemic. Housing Association partners are generally willing to develop them, but only in small numbers to avoid over concentration.

1.4 Market rents are high for 1 bed flats, increasing from £493 per month in 2018 and an average of £650 per month across Leicestershire in 2022, significantly above LHA rates. It is evident that the market alone will not be able to deliver affordable 1 bed homes.

1.5 It is therefore left to local authorities and the partners to fill this gap and address this undersupply. It is also evident that there is no single intervention that will solve the issue. This report therefore identifies various interventions that in combination may be able to make a difference. These include:

- Design interventions, ensuring that homes have low service charges and are sustainable in the long term
- Working with partners to deliver homes that meet strategic housing need
- Policy and Planning interventions, ensuring that existing policies are implemented by partners and that planning permissions are issued to speed up delivery
- Direct intervention, such as ensuring there is a political will to deliver new housing, making best use of existing assets and being willing to directly intervene through HRA housing development and regeneration initiatives
- Other interventions, such as the management of HMO's and potential use of exempt accommodation

1.6 Collectively these interventions form a toolkit to address the undersupply of 1 bed homes over time.

2 INTRODUCTION

2.1 Harborough Borough Council (HDC) has identified that there is a significant shortfall in the number of 1 bedroom homes within its district. Over 47% of the households on the Harborough Homes register require 1 bedroom homes, with over two thirds of these being under 55 years of age.

2.2 Despite this high level of evident demand for small homes, new supply features very few 1 bedroom homes and that proportion continues to decline. The imbalance between the supply of 1 bedroom homes and the growing demand for that type of accommodation is very evident in HDC, as mentioned earlier, but is also a noted problem elsewhere in Leicestershire. The under-supply is evident in both the affordable and the market housing sectors and across a range of tenures. Indeed, because the imbalance adds price pressure to market tenures, this makes 1 bedroom housing costs more unaffordable and therefore simply amplifies the pre-existing pressures in the affordable sector.

2.3 The decline in production of 1 bedroom homes is a problem present in many parts of the UK. Housebuilders have tended to build two and even three bedroom flats in areas with a concentration of flatted development and, elsewhere, flatted development has declined in general in favour of family houses. This trend has been exacerbated by the increased cost of building safety, particularly for fire related compliance and compounded by the Pandemic.

2.4 With affordable housing developers more reliant than ever on planning obligations to deliver new homes, housebuilder design preferences tend to dictate the form of supply in favour of family houses. Issues around service charges and estate management responsibilities have also tended to drive Section 106 deals towards houses rather than flats. Taken together, the various factors influencing new supply have tended to contribute to the under-supply of small flats.

2.5 HDC therefore secured funding from the LGA's "Housing Advisors'" programme to work with a suitable consultancy to identify mechanisms to increase the supply of one bedroom homes in both HDC and across Leicester, Leicestershire and Rutland.

2.6 ARK Consultancy was subsequently appointed to undertake this research and the findings of this research, along with the suggested possible interventions, are included within this advice note.

3 Research methodology

3.1 As part of the background research to this project, ARK has undertaken the following:

- Sent and analysed detailed surveys to local authorities, RPs and developers operating across Leicestershire
- Attended a Development Strategy Officers Group (DSOG) (meeting
- Held a workshop attended by local authorities and RPs
- Researched planning policies and planning consents
- Researched house prices, market rent and social rents across Leicester, Leicestershire and Rutland
- Researched service charges across Leicester, Leicestershire and Rutland
- Spoke to agents and developers
- Researched good practice in the delivery of 1 bed homes

3.2 The outcomes of this research and consultations all feed into the outcomes of this advice note.

4 Background research

4.1 This section concentrates on HDC but brings in relevant data for other areas to provide context across Leicester, Leicestershire and Rutland.

4.2 POPULATION

4.3 Harborough DC's main centre is Market Harborough, a medium sized market town in Leicestershire. Overall there is an estimated population in 2021 of 97,600, which has increased by 14.3 %from 85,400 in 2011. This is the highest population increase in the East Midlands, which saw its overall population increase by 7.7% in the same period.

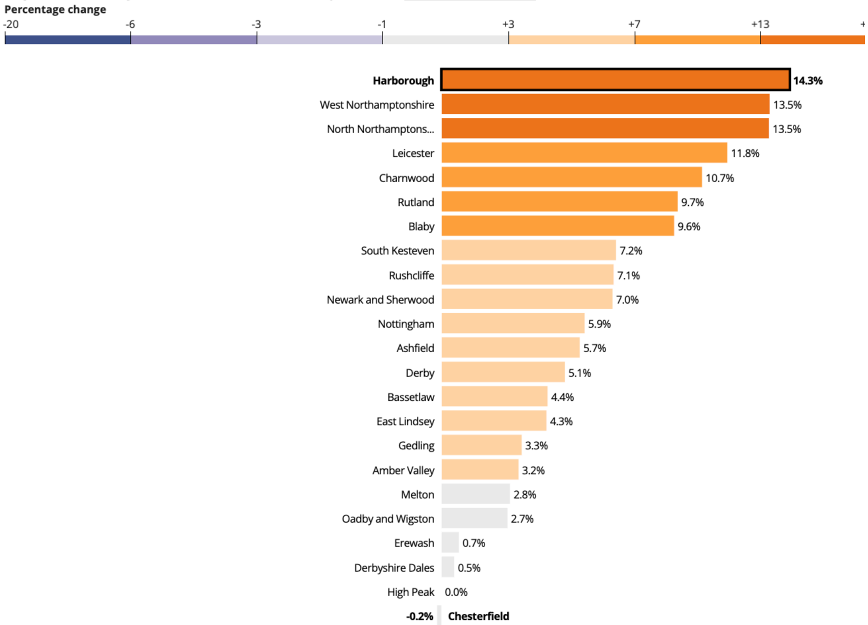
4.4 Within HDC, there was a:

- 5% increase in children aged under 15
- 10% increase in adults aged 15 to 64
- 39% percent increase in those aged 65 and over

4.5 The increase in older population is considerably higher than for the East Midlands (23%) and England (20%). Local Plan forecasts are for a 75% increase in older people (over 65) between 2011 and 2031.

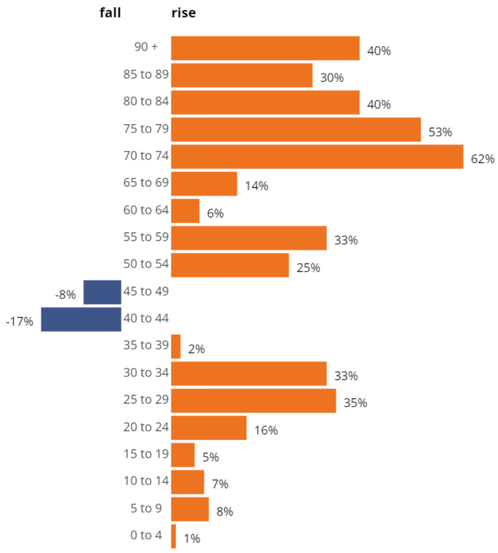
4.6 This is visualised below (source ONS):

Population change of selected local authority areas in the East Midlands between 2011 and 2021



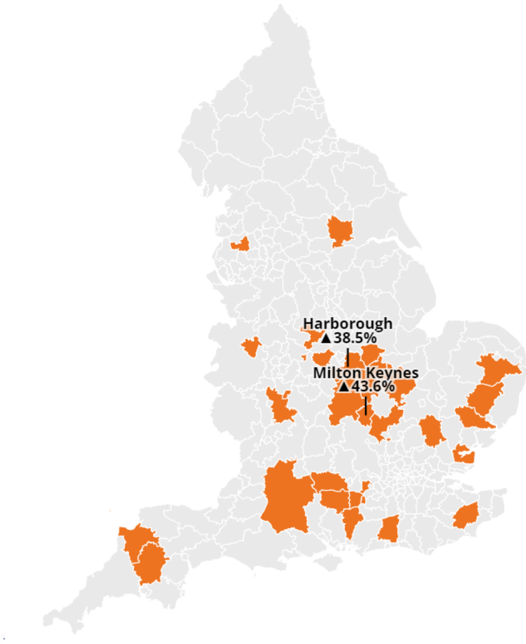
4.7 The profile of the population has also altered; the largest increases were for those aged over 70, with a fall in those aged between 40 and 49:

Population change (%) by age group in Harborough, 2011 to 2021



4.8 Across England, only Milton Keynes (43.6%) had a higher increase in population aged over 65, with the HDC area seeing a 38.5% increase:

Local authority areas in England that have seen an increase of 30% or more in those aged 65 years and over, 2011 to 2021



4.9 INCOME AND DEPRIVATION

4.10 HDC is classified as a mainly rural district, with relatively high incomes and a low % income deprivation gap, being ranked 304 lowest for overall income deprivation out of 316 in England.

4.11 Leicester, Leicestershire and Rutland are ranked as follows:

Area	Rank of % income deprivation
Harborough	304
Rutland	302
Hinckley and Bosworth	227
Melton BC	260
Blaby	268
Charnwood	221
North West Leicestershire	210
Leicester	19
Oadby and Wigston	216

4.12 With the exception of Leicester itself, Leicestershire as a whole is at the lower end of income deprivation.

4.13 The 2019 Indices of Multiple Deprivation paint a similar picture. The 8 local authorities are placed in the following rank for England, with 1 being the bottom, and 316 the top:

Area	IMD Rank
Rutland	313
Harborough	308
Hinckley and Bosworth	226
Melton BC	246
Blaby	299
Charnwood	201
North West Leicestershire	212
Leicester	46
Oadby and Wigston	214

4.14 Overall, with the exception of Leicester, all of the districts are in the top 40% nationally for the overall score across the 7 Indices of Multiple Deprivation.

4.15 HOUSE PRICES

4.16 Mean house prices are generally above average for the East Midlands as of June 2022:

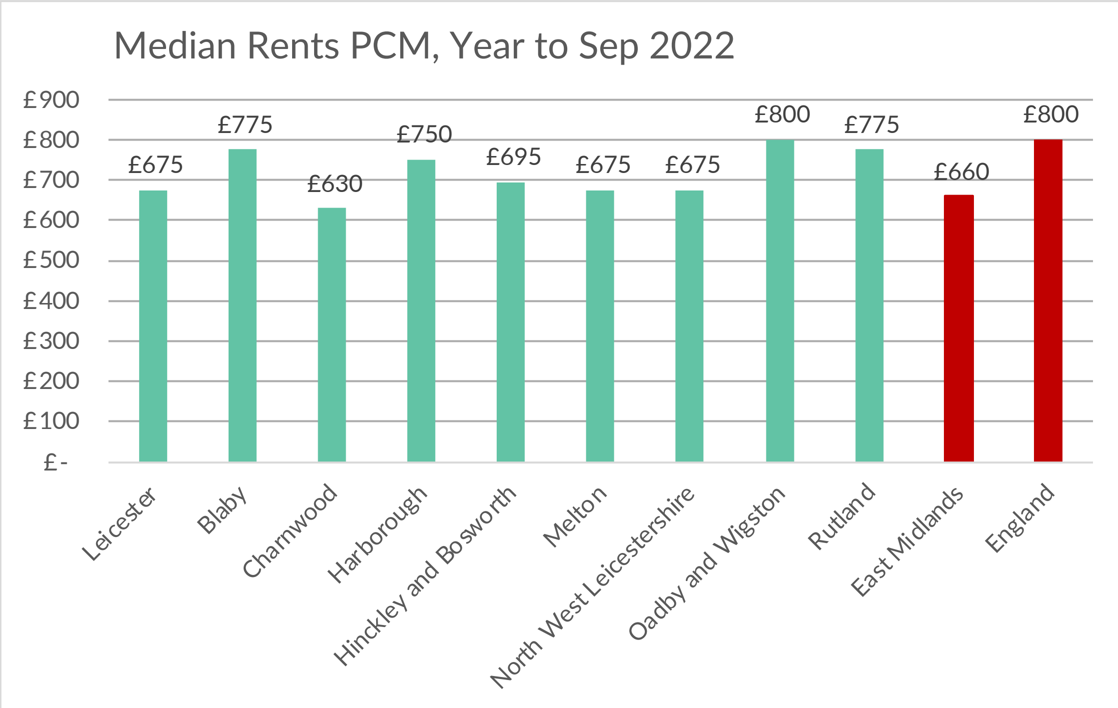
	All	Detached	Semi-Detached	Terraced	Flat/Maisonette
Leicester	£ 217,000	£ 330,000	£ 234,250	£ 200,000	£ 124,000
Rutland	£ 275,000	£ 433,350	£ 245,000	£ 221,500	£ 129,000
Blaby	£ 253,500	£ 340,000	£ 242,700	£ 200,000	£ 136,500
Charnwood	£ 240,000	£ 340,000	£ 235,000	£ 195,000	£ 128,500
Harborough	£ 295,000	£ 400,000	£ 260,000	£ 224,475	£ 160,000
Hinckley and Bosworth	£ 240,000	£ 328,000	£ 230,000	£ 180,000	£ 120,000
Melton	£ 238,000	£ 345,000	£ 215,000	£ 177,000	£ 117,000
North West Leicestershire	£ 230,000	£ 320,000	£ 210,000	£ 170,000	£ 127,500
Oadby and Wigston	£ 250,250	£ 365,000	£ 250,000	£ 191,250	£ 122,000
East Midlands	£ 218,000	£ 310,000	£ 205,000	£ 170,000	£ 125,000
England	£ 260,000	£ 400,000	£ 245,000	£ 215,000	£ 210,500

Source: Derived from ONS Small Area House Price Statistics Dataset 9

4.17 HDC itself has the highest house prices in Leicestershire with a median price (all house types) of £295,000, with earnings to house price ratios in the lower quartile at 9 times, compared to 7.47 for the East Midlands.

4.18 RENTS

4.19 Rents across Leicestershire vary but are generally higher than the East Midlands average (Source: ONS)



4.20 Rents have grown by varying rates over the last 10 years, with Harborough showing the largest increase in Leicestershire at 32%:

Table 12.9 Average (median) private sector rent (per month) 2011 and 2020 – range of areas

	2011	2020	Change	% change
Leicester	£490	£600	£110	22%
Blaby	£575	£725	£150	26%
Charnwood	£480	£550	£70	15%
Harborough	£550	£725	£175	32%
H & B	£495	£650	£155	31%
Melton	£495	£600	£105	21%
NWL	£525	£615	£90	17%
O & W	£550	£695	£145	26%
Leicestershire	£500	£625	£125	25%
East Midlands	£495	£600	£105	21%
England	£575	£725	£150	26%

Source: ONS and Valuation Office Agency

4.21 Although not directly comparable, rents in Rutland increased by 15% between 2018 and 2022.

4.22 Research undertaken by ARK shows that market rents for one bed properties is currently as follows:

Area	Average	Lower Quartile	Median	Upper Quartile	Lowest	Highest	No. of props
Oadby	£ 693	£ 650	£ 700	£ 763	£ 550	£ 800	11
Leicester	£ 670	£ 550	£ 650	£ 750	£ 340	£ 1,134	92
Market Harborough	£ 641	£ 596	£ 658	£ 685	£ 535	£ 750	7
Rutland	£ 610	£ 580	£ 610	£ 644	£ 495	£ 725	6
Blaby	£ 605	£ 625	£ 625	£ 625	£ 525	£ 625	5
Loughborough	£ 602	£ 560	£ 595	£ 625	£ 550	£ 675	9
Hinckley	£ 575	£ 550	£ 563	£ 588	£ 550	£ 625	4
Melton Mowbray	£ 539	£ 495	£ 525	£ 550	£ 400	£ 725	5
Coalville	£ 536	£ 518	£ 538	£ 556	£ 495	£ 575	4

4.23 Average rents for one bed properties across Leicestershire are £650pcm, and in all cases rents are above LHA levels. Affordability issues are therefore more pronounced in HDC than in other Leicestershire districts.

4.24 Social and Affordable rents are consistently lower for 1 bed homes:

Social Rents				
Area	LA units	LA rents	RP units	RP rents
Blaby DC	-	-	332	£ 76.87
Charnwood BC	2045	£ 68.01	558	£ 79.12
Harborough	-	-	536	£ 79.49
Hinckley and Bosworth BC	536	£ 69.97	266	£ 82.25
leicester City Council	6888	£ 62.33	1718	£ 74.14
Melton BC	415	£ 67.45	41	£ 76.94
North West Leicestershire DC	248	£ 64.23	312	£ 78.17
Oadby and Wigston BC	244	£ 70.50	53	£ 79.25
Rutland DC	-	-	266	£ 83.57
Total / Average	10376	£ 64.29	4082	£ 77.29

Affordable Rents				
Area	LA units	LA rents	RP units	RP rents
Blaby DC	-	-	70	£ 90.94
Charnwood BC	-	-	137	£ 92.98
Harborough	-	-	211	£ 99.49
Hinckley and Bosworth BC	21	£ 89.12	100	£ 96.02
leicester City Council	43	£ 88.67	91	£ 94.81
Melton BC	1	£ 80.52	17	£ 93.19
North West Leicestershire DC	27	£ 87.82	152	£ 91.88
Oadby and Wigston BC	-	-	19	£ 85.59
Rutland DC	-	-	32	£ 90.31
Total / Average	92	£ 88.43	829	£ 94.56

4.25 All these rents are below LHA levels, with Affordable rents being on average £55.44 per week lower than market rents.

4.26 Given the level of private sector rent levels, it is clear that the future provision affordable 1 bed homes will remain in the social housing sector, as local authorities and RPs are the only bodies able to develop housing at rents within LHA rates.

4.27 HOUSING NEED IN HDC

4.28 The Housing Register in HDC is broadly consistent with the data from the Housing and Economic Need Assessment (HENA) with 47% identified as 1 bed need, 64% aged under 55 and 36% over 55. This is consistent with Leicestershire generally.

4.29 Altogether there were 619 households on the waiting list in May 2022, which is lower than the mean across Leicestershire.

4.30 Homeless statistics are consistent (slightly lower) than across Leicestershire and there does not seem to be a particularly pronounced problem with homelessness, including among single people.

4.31 The numbers in temporary accommodation are likewise consistent or lower than across Leicestershire generally. There is a high number of single people (60%) in temporary accommodation, which is a little higher than the average in Leicestershire but not when compared to levels at regional and national level.

4.32 The main housing solution for those who are threatened with homeless is social housing/staying with family.

4.33 The existing stock of 1 bed homes in HDC is consistent with Leicestershire, with only Charnwood having a higher %. The Charnwood situation is likely linked to the presence and housing market impacts of Loughborough University.

4.34 RP stock in HDC at 8.5% is consistent with levels in Leicestershire generally.

5 DRIVERS BEHIND LACK OF SUPPLY

5.1 There is no single causal factor behind the lack of supply of 1 bed homes in HDC and across Leicester, Leicestershire and Rutland.

5.2 As a finding from the research, it became apparent that the causes include:

- A general reluctance from developers to construct 1 bed housing, as well as an over-reliance on S106 homes to deliver affordable housing
- A reluctance from landlords to own and manage excessive concentrations of 1 bed homes
- Issues with service charges and estate management fees affecting viability and value for money
- Failure to implement existing planning policies to deliver 1 bed homes
- High rents in the private rented market mean it is not an affordable option, putting further pressure on limited affordable housings supply

5.3 DEVELOPERS

5.4 The research undertaken and discussions with developers indicates that 1 bed houses and flats are generally not a viable commercial choice by comparison with other forms of housing.

5.5 For developers, the costs of building 2 bed flats, and the associated land take, is only marginally more than that for 1 bed flats. Market values for 2 bed flats are markedly higher and they are more profitable when taking account of the costs of development.

5.6 It was also stated that buyers preferred the flexibility of 2 bed flats, allowing for a spare room that could be sub-let or generally just proving more general and flexible living space.

5.7 In addition, developers indicated that RP partners are more reluctant to take 1 bed flats on s106 sites as there is a perception that the type of households likely to be housed will present more housing management issues.

5.8 It was clear that, perhaps with the exception of city centre schemes in Leicester, developers have a general reluctance to develop 1 bed flats/houses unless required or incentivised to do so.

5.9 RPs

5.10 Through their responses to the survey, and discussions at the workshop, RPs suggested they are generally willing to develop 1 bed homes but are reluctant to own or manage significant concentrations of 1 bed homes. In the main this was driven by their experience of managing existing stock.

5.11 Where RPs do develop one bed homes, they are looking for the following:

- Direct access flats or maisonettes with no communal circulation areas
- blocks of 4 or 8 dwellings
- To achieve 85% of Nationally Described Space Standards (NDSS)
- To secure 200% parking standards
- To minimise or cap service charges where such charges are unavoidable
- Some had developed 1 bed terraced homes, but these were less viable financially
- To provide private amenity space
- To avoid 1 bed shared ownership homes as there is judged to be limited demand.

5.12 Some RPs had also experienced excessive remedial repairs for fire related compliance works which also led to a reluctance to develop large blocks of flats at all.

5.13 SERVICE CHARGES

5.14 Service charges on existing and new developments were raised as an issue.

5.15 Annual statistical returns from the Regulator of Social Housing show the average weekly service charges for 1 bed homes as follows:

Local authority	Avg weekly 1 bed service charge	
Blaby	£	7.88
Charnwood	£	10.63
Harborough	£	5.95
Hinckley and Bosworth	£	10.33
Leicester	£	14.27
Melton	£	4.11
North West Leicestershire	£	9.29
Oadby and Wigston	£	10.40
Rutland	£	5.88

5.16 This data will include existing and newer homes so can only be taken as a guide. It is interesting to note how, in Leicester, the amenities provided in larger blocks, such as lifts, appears to drive up service charges.

5.17 It was noted that local authorities in particular tend to pool service charges with rents in their housing revenue accounts, which tends to drive the average charge down as charges are not directly related to costs. However, some local authorities, such as Leicester City Council, formulate service charges individually for new developments, allowing a full recovery of service charge costs as the service charges themselves are directly related to costs.

5.18 Service charges are also affected by estate management fees imposed by developers on new estates. These typically range from £250 to £500 per unit per annum. It was noted that surface water treatment for large estates was becoming more of an issue and is driving up charges. These costs are incurred in addition to block specific charges, such as cleaning, lighting etc.

5.19 On this basis, service charges for new schemes with communal areas and estate charges can rapidly become unaffordable.

5.20 For Affordable Rent schemes in particular, service charges are included in the calculation of the maximum charge to residents and any significant increases in the services element, beyond the level of rent inflation, can affect viability by reducing the effective net rent over time.

5.21 Some good practice examples are:

Bristol City Council and South Gloucestershire Council impose, through the planning process, a service and estate charge cap of £650 for new affordable housing dwellings. This forms part of the S106 agreement and is understood by developers and RP partners.

North-West Leicestershire are considering creating a commercial arm to deliver estate management services, enabling transparency and value for money

Some RPs cap service charge increases to RPI+1%

5.22 PLANNING POLICIES AND DELIVERY

5.23 For context, nationally only 6% of all homes built in the UK are one bedroomed, and only 1% of all houses.

5.24 Locally, the county-wide 2022 HENA suggests the following housing mix for social and affordable rent:

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Leicester	30%	35%	25%	10%
Blaby	35%	35%	25%	5%
Charnwood	35%	35%	25%	5%
Harborough	35%	40%	20%	5%
H & B	30%	40%	25%	5%
Melton	35%	40%	20%	5%
NWL	35%	40%	20%	5%
O & W	30%	40%	25%	5%
Leicestershire	35%	35%	25%	5%
L & L	30%	40%	25%	5%

5.25 For Rutland the need for 1 bed homes is assessed at 40%-45% (2019 Strategic Housing Assessment).

5.26 Although the HDC Local Plan is not specific about unit mix, the HDC 2021 Supplementary Planning Document (SPD) has a clear expectation for affordable housing mix, requiring 35-40% one bed dwellings, which is consistent with requirements across Leicestershire.

5.27 Planning policies (HENA 2022) call for only 5% of one bed homes in the private market across Leicestershire. This in itself, coupled with developers' general reluctance to develop one bed homes, will mean the market is unlikely to deliver 1 bed homes in any quantity and this will be contributing to the overall shortage in the wider housing market.

5.28 It is clear however that the target of 35-40% target in the affordable housing mix is not being delivered through the planning process and the market.

5.29 New affordable supply within HDC is generally good, although the mix delivered was inconsistent with policy. An examination of recent permissions for HDC shows that between 0% and 21% of affordable 1 bed homes were approved. Market sale 1 bed homes also made up a very small %.

5.30 In HDC there were 231 affordable housing completions in 2021-22:

Affordable Housing completions 2021-22						
Local Authority	Affordable Home Ownership	Affordable Rent	Intermediate Rent	Shared Ownership	Social Rent	Total
Blaby		25		17	34	76
Charnwood		67		13		80
Harborough		68		97	66	231
Hinckley and Bosworth		50		25		75
Leicester		328	10	20		358
Melton	4	39		4		47
North West Leicestershire		170	32	91	1	294
Oadby and Wigston		7		29		36
Rutland		14		5	1	20
Grand Total	**4**	**768**	**42**	**301**	**102**	**1217**

5.31 Affordable housing starts in 2021-22 were lower, however:

Affordable Housing starts 2021-22					
Row Labels	Affordable Rent	Intermediate Rent	Shared Ownership	Unknown	Total
Blaby				109	109
Charnwood	7			12	19
Harborough	15			27	42
Hinckley and Bosworth	23			99	122
Leicester		62	21	27	110
Melton				39	39
North West Leicestershire	25	26	12	79	142
Oadby and Wigston					0
Rutland			4		4
Grand Total	**70**	**88**	**37**	**392**	**587**

5.32 The number of permissions in HDC for change of use or permitted development is also low, but consistent with other areas.

5.33 Student housing does not feature in the Local Plan for HDC, however HDC does not have a significant student population.

5.34 Older people's housing is a 10% requirement on sites over 100 units. However, an examination of existing consents did not show any such accommodation on larger sites, perhaps because the need is being met on other sites such as the Rockingham Road McCarthy Stone scheme.

5.35 It is also a lengthy process to secure a planning consent. In many areas of England, the process can take much longer than the prescribed 8 weeks, and the level of documentation and surveys now required is significant and growing. While this in itself does not contribute to the lack of supply of 1 bed homes, it does add to the delay in delivery of programmes that may include 1 bed homes.

5.36 This is reflected in the number of planning permissions granted; there has been a 58% fall in planning permissions granted in the East Midlands in Q2 2022, of which 89% are for sites in excess of 10 units.

6 Potential Interventions

6.1 There is no single intervention that, by itself, will significantly improve the supply of 1 bed homes in HDC or across Leicestershire and Rutland. Rather there are a number of interventions or actions that, collectively, could make a material difference.

6.2 For the purposes of this document and to aid understanding and action planning, these have been classified into 5 areas:

- Design
- Partnership
- Policy and planning interventions
- Direct and indirect interventions
- Other interventions

6.3 DESIGN

6.4 At the workshop session attended by local authority and provider representatives, Pelhams Architects described the main forms of 1 bed homes available and how these can address particular site constraints and address service charge issues. These are summarised below and included in detail at appendix 1.

Design	Description	Comments	Service charge implications
Single stair design	A single staircase serving 2 or 4 flats per floor	Removes the need for access corridors, allows for ventilation, open stairway allows for natural surveillance	Moderate need for lighting, security and cleaning
Deck access	Single deck serving a number of flats	Reduces the number of staircases required. Open for natural ventilation, less overheating	Moderate need for lighting and security
Central corridor	Traditional layout of flats served from central corridor	Can achieve higher density, warm corridors, more impersonal? Daylight can be an issue, plus may need lifts and sprinklers	High, with the full range of amenities generally provided

Design	Description	Comments	Service charge implications
Private staircase	Direct access flat with private staircase	No communal space, own front door, good design option for corners, good natural surveillance. Can only be 2 storeys.	Low as flats are self-contained
Conversions	Office, warehouse conversions	Potentially quicker solution but inevitable design compromises with poor layouts, difficulty with bins, sound, heat insulation and ventilation.	High, with the full range of amenities generally provided
1 bed house	Traditional terraced house	Popular in rural locations, own front doors, easy ventilation, small footprint. More expensive than flats and less financially viable. Need downstairs WC	Service charge generally not required

6.5 It was emphasised however that the site and its constraints will dictate the best design solution, as well as planning factors, viability and procurement. Early involvement of housing and service charge teams in the development process can help minimise service charges as an issue.

6.6 Feedback from RPs was that private staircase designs and 1 bed houses were their preferred new build design solutions. For example, Platform Housing has designed and built its own '4 in a block' house type (actually commonplace as a dwelling configuration in Scotland).

6.7 There are also conversion options with existing buildings in town centres or elsewhere which can be quicker and more financially viable than new build equivalents:

- HDC has explored the provision of 1 bed flats on a city centre retail site
- Hinckley and Bosworth is considering converting a redundant hostel into 8 x 1 bed flats, which can be developed within existing budgets and without grant funding.

6.8 An example of good practice is Cornwall Council, who have used their own land to develop SoloHaus (solohaus.co.uk) one bed modular homes to help tackle their homelessness crisis. These small, self-contained homes are delivered ready-made and can be erected/installed very quickly. They are:

- Built to 'Future Homes' standard
- Eligible for grants and mortgages
- Fire rated
- Easy to transport and can be installed in 30 minutes on pre-prepared sites
- 24 m2 gross internal area
- Stackable
- Heated by air source pumps
- High quality
- Fully fitted

6.9 Many local authorities and RPs have redundant garage sites that some lateral thinking may enable for the development of modular housing.

'Design' approaches summary

- Consider designs to minimise service charges
- Avoid pepper-potting 1 bed homes to make management and service charges more efficient
- Ensure design is distinct (although local policies may vary)

7 Working with Partners

7.1 HDC and other local authorities work in partnership with developers and RPs to deliver new homes, as well as directly delivering housing themselves as part of the HRA if stock holding.

7.2 As part of its enabling role, HDC should emphasise its requirement for 1 bed homes in all negotiations and prioritise them where possible and appropriate.

7.3 Where RPs are not willing to take 1 bed homes as part of S106 deals where need is identified, the local authority should consider taking the units themselves before allowing the developer to follow any cascade mechanisms for commuted sums.

7.4 This might be more straightforward for stock owning local authorities, however many non-stock holding local authorities have development companies where such transactions can be made possible.

7.5 Inevitably there are compromises between the need for family housing and other housing types, and local authorities should seek to achieve the HENA mix on all sites, deviating only when necessary or appropriate.

7.6 Local lettings plans (where some flexibility or additional qualifications on allocations apply) were also identified as a solution that may make the delivery of larger developments of 1 bed homes more acceptable to partners. Local authorities should consider allowing these in the early stage of the enabling process to help delivery partners be more confident about the housing management outcomes

Approaches to working with partners summary

- Robust enabling to ensure strategic housing needs are met
- Prioritising 1 bed homes in negotiations when appropriate
- Local authority willingness to purchase S106 homes if possible
- Local lettings plans agreed at early stage of project discussions

8 Policy and Planning

8.1 HDC already has in place policies that address the need for 1 bed homes which are clearly identified through the HENA with a requirement for 35%, and the HDC Supplementary Planning Document 2021 states a requirement for 35%-40% one bed homes.

8.2 The issue is that the well-founded planning policy expectations and accompanying processes applying previously have not led to a sufficient supply of 1 bed homes. Developers' and RPs' reluctance to deliver 1 bed homes, for viability or management reasons, coupled with a lack of policy enforcement, has led to the current situation.

8.3 With new planning policies in place and a renewed focus on the need for 1 bed affordable homes, it can be expected that, over time, new delivery of 1 bed homes will improve. However, the improved future delivery is unlikely to address the previous shortfall.

8.4 The delay in securing planning permissions was also highlighted at the workshop as a particular issue for developers and RPs for both new and revised applications. Whilst the solutions to this are beyond the remit of this project, enabling teams should do all in their power to ensure that applications for affordable housing in particular are recognised as delivering the strategic needs of the district and prioritise them accordingly.

8.5 Some County Councils have supported and promoted the establishment of a countywide housing strategy. This can enable a more joined up approach, addressing mis-matches in housing need and supply across the county. Leicester City Council are already working with some neighbouring authorities to address need jointly.

8.6 As previously mentioned, there is a considerable need for 1 bedroom homes from applicants on the waiting list and from those in temporary accommodation. Although the reasons for the lack of supply of 1 bedroom home are clearer, understanding in more detail the reasons more about housing need for 1 bedroom homes would assist with ensuring that the right type of accommodation is available to single people. This could include whether shared or self-contained accommodation is most appropriate or whether there are other solutions. It would also assist with understanding whether the homes need to provide a long term solution or an intermediate step for individuals.

8.7 It would also be useful to explore whether existing short term accommodation for single people provided (for example) by supported housing providers, has sufficient through put, or whether there are process delays or blockages which means that individuals become stuck in the system – thus not freeing up accommodation for others in temporary accommodation or who are homeless.

Policy and planning interventions summary

- Robust enforcement of existing planning policies when it comes to housing mix
- Prioritising affordable housing planning consents
- Better understanding of waiting list needs

9 DIRECT AND INDIRECT INTERVENTION

9.1 Direct intervention by local authorities is one way to jump start the supply of 1 bed homes. These interventions can take many forms; however, all will be more successful if there is the political will to see housing as a priority.

9.2 Leicester City Council, for example, prioritises the provision of housing in its decision making processes as a result of the elected Mayor's manifesto commitment to deliver 1,500 new affordable homes. As a result:

- Decisions on the use of council land are considered through the lens of securing additional affordable housing
- Resources are made available to the HRA to procure homes in the market, for example the Council has agreed to purchase the Zip building, surplus student accommodation, with 58 flats

- Former school sites are prioritised for housing
- Brownfield land release grants have been secured to fund demolition costs
- There is a willingness to purchase sites on the open market for affordable housing development
- There is also a willingness to use CPO powers to purchase empty homes
- A willingness to transfer housing sites at less than market value to RPs by way of Community Asset Transfers.

9.3 Whilst some of these interventions reflect Leicester's status as a sizeable conurbation, they demonstrate that if the political will is there, interventions become possible and effective.

9.4 Other direct interventions from local authorities, whilst not specific to increasing the supply of 1 bed homes unless targeted, could include:

9.5 EXISTING OWNED ASSETS

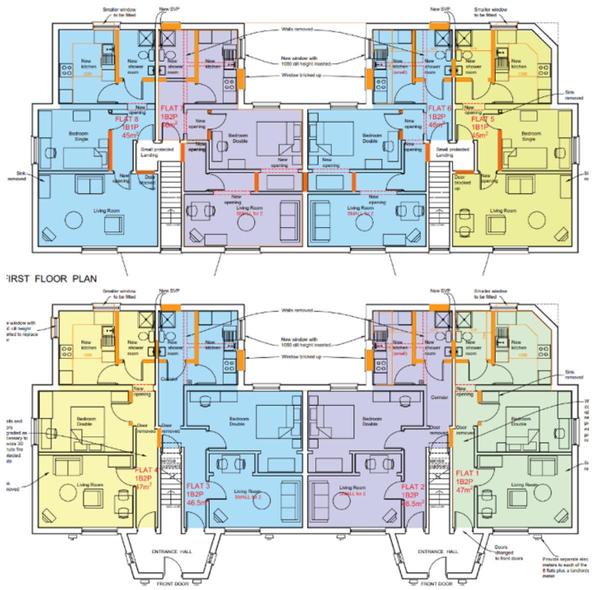
9.6 Local authorities should be willing to use their own assets as a means to deliver affordable housing, including garage sites, school sites and other suitable sites.

9.7 Hinckley and Bosworth BC has recently undertaken an options appraisal on a number of garage sites:

- Designs considered
- Housing need assessed
- Viability assessment undertaken

9.8 Hinckley and Bosworth BC has also considered the reutilisation of existing buildings. A redundant hostel has been appraised for either redevelopment or conversion into 1 bed flats. The conversion options allows:

- 8 x 45m2 flats
- Converted within existing HRA resources
- Quicker to deliver
- Some design compromise, but still good quality homes



9.9 Existing assets should therefore be considered in the first instance for their ability to deliver affordable homes, and if appropriate 1 bed homes.

9.10 OTHER OPPORTUNITIES

9.11 Within HDC (and across other local authorities) there is a stock of existing buildings, particularly in town centres, which may be suitable for conversion.

9.12 HDC as part of its town centre regeneration strategy purchased a town centre retail site and plans have been formulated to incorporate 1 bed flats in redevelopment proposals. This is a reflection of the acknowledged need for 1 bed flats.

9.13 Other opportunities such as Living Over the Shop (LOTS) still have a place and opportunities still exist. Hinckley and Bosworth BC recently undertook a survey of Hinckley town centre to identify potential opportunities. Local authorities should examine their portfolios for opportunities that may provide additional 1 bed flats.

9.14 This also apples to town centre regeneration opportunities, where the nature and location of the opportunity and associated facilities is ideal for the provision of 1 bed flats for single people.

9.15 Many town centres need renewal because of the decline in the retail sector and the resultant over supply of retail space. Residential development has an important role in such renewal.

9.16 AFFORDABLE HOUSING DELIVERY

9.17 There are many examples of local authorities procuring housing assets through direct or indirect means, such as those highlighted above.

9.18 Direct intervention, such as that undertaken by stock holding local authorities, involves developing affordable or market rented housing through the HRA or local authority owned development bodies.

9.19 The steps for this are well trodden and documented; in 2020 ARK Consultancy produced a comprehensive set of documentation as part of the LGA advisors programme for North West Leicestershire BC and Hinckley and Bosworth BC to facilitate in-house development within local authorities, copies of which can be made available.

9.20 Indirect delivery is through partners such as RPs, helping them to deliver on the local authorities strategic housing priorities, including 1 bed homes. The enabling role within local authorities should be resourced appropriately and work alongside other departments such as planners to see opportunities through to fruition.

9.21 Having housing as a local authority strategic priority will make the chances of more affordable housing being delivered, directly or indirectly, more likely.

9.22 Homes England has a role to play. Historically grant rates were lower on a unit basis for 1 bed flats, which tended to penalise 1 bed flats by making them less viable. In addition, the use of “people” housed as a metric has the same effect, making 1 bed homes less attractive to fund.

9.23 Current funding arrangements tend to be on a unit rate which should help avoid this bias, and Homes England should be encouraged to take the need for 1 bed homes into account when allocating funds.

9.24 PRIVATE SECTOR LEASING

9.25 Many local authorities, such as Leicester and Oadby and Wigston BC, operate private sector leasing initiatives where landlords lease their properties to the local authority for a fixed period and they are then sub-let as affordable housing.

9.26 Where private sector rents are high, a leasing initiative may be less attractive, and it will involve subsidising the shortfall between the affordable rent and the landlord's premium. It does though present an additional opportunity to bring 1 bed homes into the affordable sector in the short term.

9.27 OCCUPANCY REQUIREMENTS

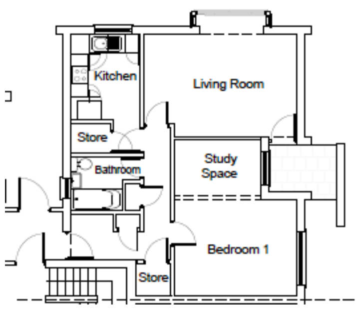
9.28 Lettings typically take account of the bedroom requirements of the resident, with single people inevitably being offered 1 bed homes.

9.29 Taking a less rigid approach may be able to generate opportunities within existing stock. Typically, the social rent differential between 1 and 2 bed flats is modest. In Leicester, for example, it is £4.45 so the rent loss may be marginal. It might be possible to allocate 2 bed flats to working tenants for a slightly lower rent, for example.

9.30 Allocating older persons requiring 1 bed accommodation to a 2 bed property, typically a flat, may be preferable for the resident who may need extra space for visitors, and are not subject to rent based penalties. This may in turn free up 1 bed accommodation to allocate to those in different age bands who may not otherwise have the opportunity to be allocated a home.

9.31 Whilst there may be some difficulties to overcome and there would be some rent loss, such an initiative may provide a win-win opportunity for local authorities.

9.32 In addition, design flexibility can achieve similar results. Hinckley and Bosworth, in looking to refurbish a block of 2 bed flats, have considered converting some into 1 bed flats on a case by case basis removing a wall to create a study area.



Direct and indirect interventions summary

- Strong political will to deliver affordable housing driving success
- Use of existing assets such as school and garage sites
- Town centre regeneration opportunities
- Conversion of existing buildings
- Private Sector Leasing
- Occupancy considerations
- Design flexibility

10 Other interventions

10.1 SUSTAINABLE STOCK

10.2 The requirement for 1 bed homes is cyclical over time; Leicester had an over-supply from the 1990's which led to the demolition of some tower blocks to reduce provision.

10.3 Whilst 1 bed homes have always been a feature of the affordable housing market, the introduction of the bedroom tax (spare room subsidy) which reduces housing benefit has made flexibility more difficult in allocations.

10.4 To a certain extent, the requirement for 1 bed homes is a result of ineligibility for other forms of housing. 1 bed homes are by their nature less flexible in use and in many instances can only serve as a home until circumstances change within households as they form and grow.

10.5 Local authorities should be wary therefore of the over provision of 1 bed homes that may become unsustainable in the future. Every social landlord has (or had) bedsits that are now difficult to let, as expectations and aspirations increase over time.

10.6 Homes built should therefore be sustainable in the long term, with suitable open space and facilities. The Covid pandemic highlighted the inadequacies of many forms of housing for working from home, for example.

10.7 HMO'S

10.8 There is no evidence that Houses in Multiple Occupation (HMOs) are prevalent in HDC in great numbers. The HMO register lists 7 properties, although properties with less than 5 occupants are not required to be registered.

10.9 There has been only 2 advertised rooms on Rightmove over the last 6 months, with rents of £550 and £650 pcm. Once room has been vacant for some months which perhaps indicates that demand is not overwhelming – but it could of course just indicate an issue with the room or house.

10.10 HMOs are not just for students though. They can meet a variety of needs for private rented housing ranging from young professional "house-shares" and students wanting to live away from campus, as well as providing a vital source of housing supply for people on lower incomes. For many, HMOs provide a practical and affordable housing option that meets their housing needs.

10.11 HMO's need to be managed in the context of their environment; South Gloucestershire Council has an SPD for HMOs to control quality when planning permission is required. Leicester City Council has just extended the extent of planning restrictions under Article 4 to a wider area because of an over prevalence of HMO's. In some of these areas HMO's account for between 25% and 38% of housing stock.

10.12 HDC should therefore seek an appropriate balance in the management of HMO's, facilitating sufficient to meet demand and restricting consent if necessary.

10.13 EXEMPT ACCOMMODATION

10.14 Accommodation that is exempt from local set caps on housing benefit (Local Housing Allowance) is usually described as "exempt accommodation". It is a type of supported housing. It can be a housing solution for certain people, for example individuals with disabilities or with complex needs.

10.15 It may be relevant if more detailed research is undertaken into the cause of housing need and if particular cohorts are found to be represented dis-proportionately. It is, however, only suitable for those with specific needs and would not provide a more general solution to the lack of one bedroom accommodation.

11 CONCLUSION

11.1 The need for additional 1 bed accommodation is clear in both HDC and across Leicestershire and Rutland, with a lesser need in Leicester. The supply in HDC over the last 10 years has only met 38% of recognised demand. Further analysis of where this need is coming from may help refine and prioritise these interventions.

11.2 Across the districts, populations have grown, significantly so in HDC. House prices have risen substantially, and rents have tracked this, increasing beyond wage rises. Coupling this with low supply has the effect of amplifying pre-existing pressures in the affordable housing sector.

11.3 This report therefore includes a number of possible interventions that, utilised in combination, could begin to address this shortfall over time.

11.4 The delay in securing planning permissions was raised by many consultees as a barrier to delivering affordable housing. What can be done to address this? Partners should be encouraged to deliver housing that meets strategic housing need. Policy should be enforced to ensure developers deliver affordable housing in line with HENA and local policies.

11.5 HDC and other local authorities should where possible push housing up the political agenda and take decisions on existing assets in the light of the need for additional housing. Leicester City Council is a good example.

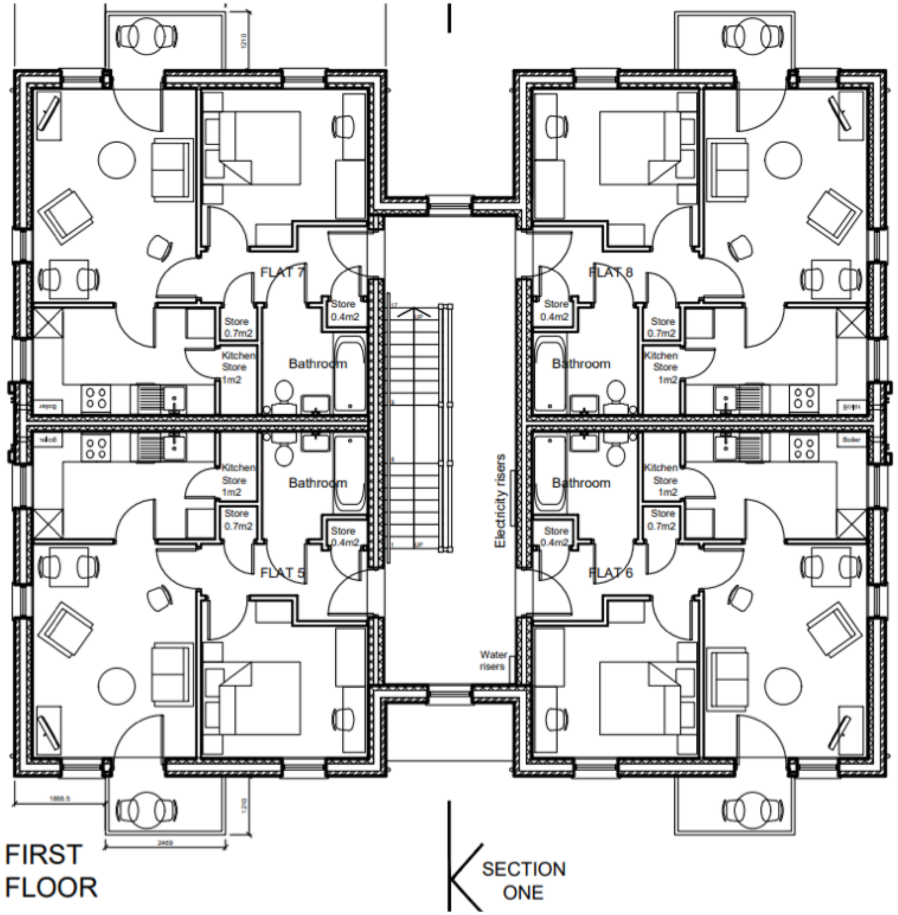
11.6 Direct intervention should be considered; can town centre regeneration opportunities be used to provide additional 1 bed housing? Can external funds from central government be levered in to make opportunities viable? Can the local authority take S106 homes directly from developers?

11.7 Sustainable design, from a housing management and resident perspective, should be at the forefront of planning policies and negotiations with developers. There are examples of good design in the appendix.

11.8 Occupancy levels could be considered. Will a change in allocation policies free up accommodation for younger residents? HMOs provide a housing solution for low income households. Are they being discouraged if there aren't enough?

11.9 It is however apparent that there is no single intervention that will solve the shortfall. Combining some or all of the interventions above may go some way to addressing this.

ARK Consultancy Limited
January 2023



Small single stair design

Positives: Removes the need for access corridors.

Better for ventilation as the stairs can be vented.

Stair open to view easier for natural surveillance.

Negatives: Doesn't suit every site configuration e.g works better on even numbers of flats with shared stair between two or 4 flats.

Deck access

Positives: Removes the need for access corridors. Reduces the number of stairs required.

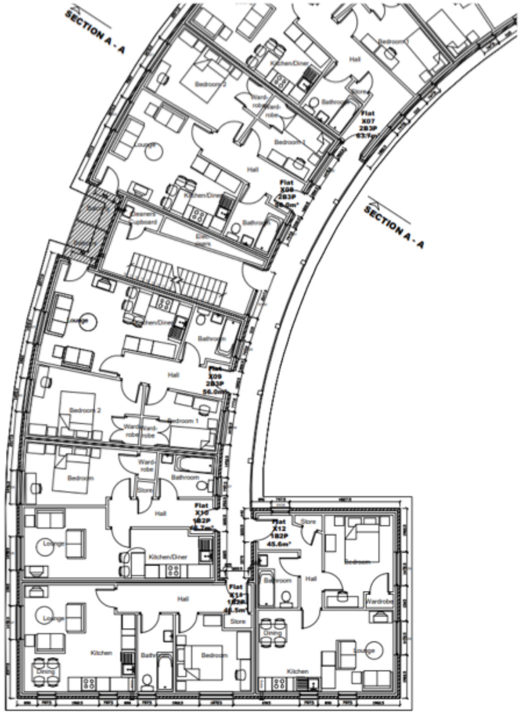
Access direct to front doors to flats.

Better for ventilation as the flats can have full through ventilation (Latest Building Regs Part O –Overheating)

Open to view easier for natural surveillance

Cons: Can lead to lower density than the central corridor option. Over-looking of neighbours might be seen as a problem.

Negative perception of deck accesses.



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Central corridor

Positives: The corridors can be warm and protected from the weather

Higher density likely, dependent on the site constraints.

Cons: Will residents naturally meet each other? Is this corridor likely to create a place to stand and chat? The design needs to let daylight into the corridors.

New building Regulations will be likely to require continuous mechanical ventilation

The client may consider sprinklers are necessary.

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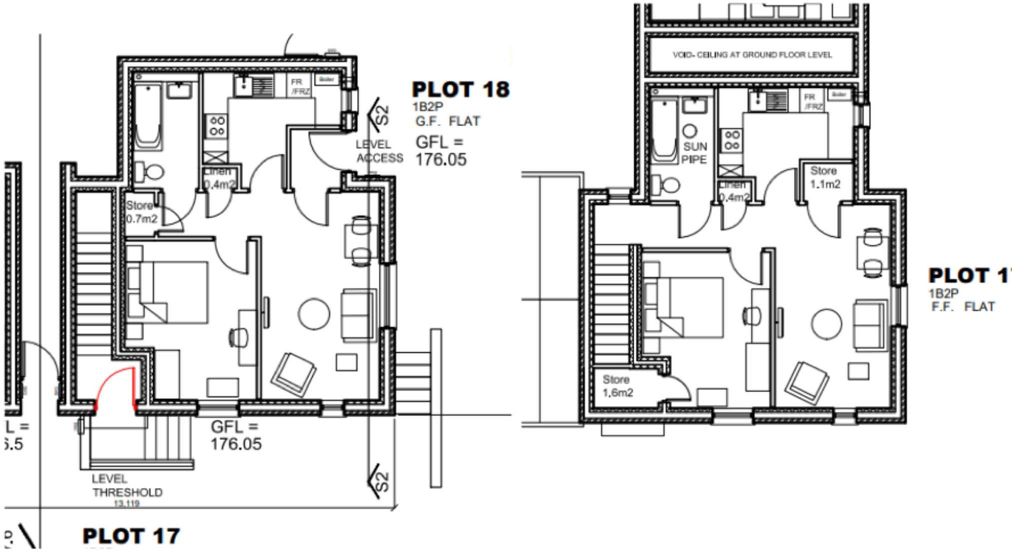

Private stair "maisonette"

Positives: No communal spaces, so no need for communal service charge on internal areas.

Own front door engenders sense of belonging.

Useful flat type to turn corners and maintain active facades. Great for natural surveillance.

Easier to get the cross-flow of air required

Cons: Can only really be two storey and the floor area is increased for the upstairs flat

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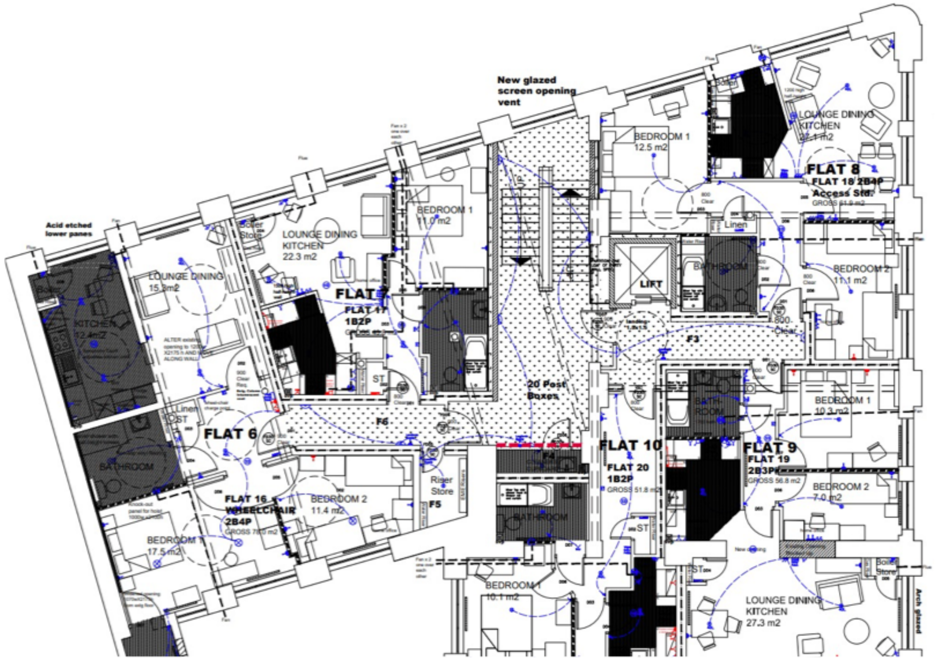

Conversion to flats from warehouse or office

Positives: re-use of existing buildings has great sustainability value in reducing carbon use in construction.

Potentially a quicker solution to provide flats(!)

Cons: Compromises on the flexibility of the design. It can lead to poor flat layouts and ventilation to only one side, difficulty with bins, potentially lower sound & heat insulation levels, complexity in running services through the building, greater future maintenance!

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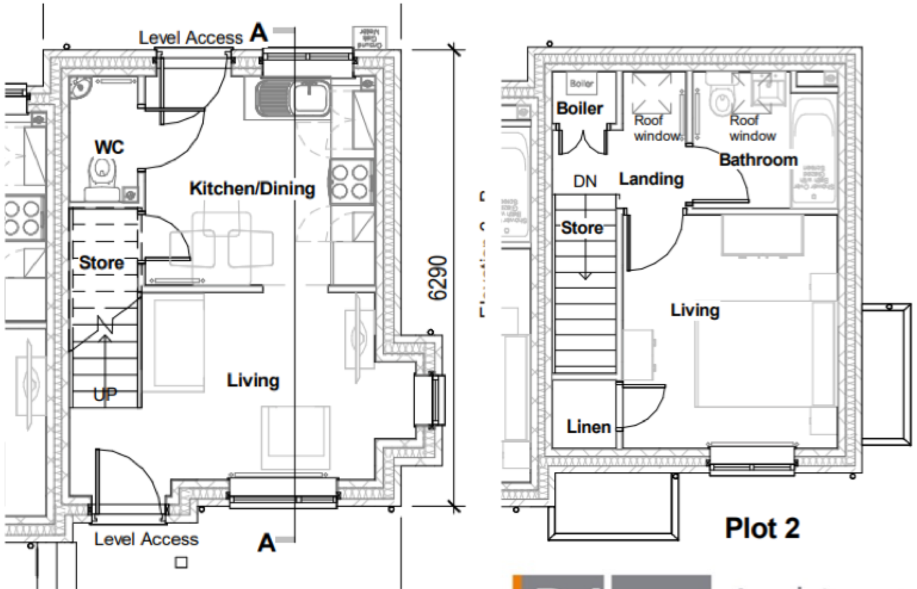

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One bed house

Positives: No communal spaces, so no need for communal service charge on internal areas.

Own front door engenders sense of belonging.

Very small footprint, can be a useful plan on long thin sites. Can be single aspect to reduce over-looking of existing neighbours.

Easier to get the cross-flow of air required.

Popular in more rural locations.

Cons: For Building Regs you need a visitors WC on the ground floor, so you end up with a bathroom upstairs and WC down, which does take up some space.