

Synergies between economic and spatial tools for provision of affordable housing in Western Europe.

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Problem setting

Dimensions of housing debates in the EU:

- (Decreasing) housing affordability; (Cut in) public spending; (Decrease in) investment in social housing; Housing exclusion (withdrawal of welfare state); migration (pressures); ghettoization; Reno-(e)victions.

Tangibility of housing problem in the EU:

- Homelessness increasing in all EU countries (apart from Finland) (FEANTSA 2018),
- Macroeconomic imbalances in functioning of housing markets –UK, SE, NL (EC, COR 2017),
- Cost of inadequate housing in the EU €194 billion per year; addressing shortcomings of the housing stock €295 billion in the EU (at 2011 prices) (Eurofound 2016).

Aim and objectives

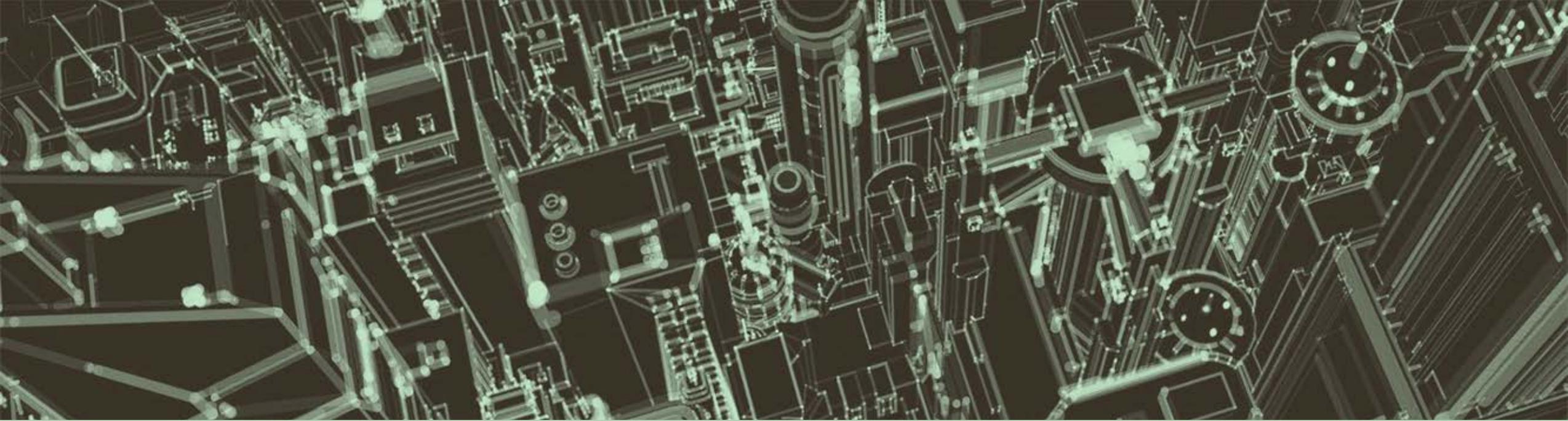
Aim of the presentation is to demonstrate synergies between economic and spatial tools in their roles in aiding provision of affordable housing.

Objectives:

- to identify good practices in integration of housing objectives into spatial and economic policies and policy tools,
- to depict how the policies tools are applied in practice (in particular EU countries),
- to analyse relationships between spatial and economic policy objectives and outcomes in relation to affordable housing.

Housing and spatial policy

- Residential development – a key component of spatial and urban policies; influences on outlook and functioning of cities and on place-based relationships,
- Housing objectives in the EU and UN spatial and urban policies: e.g. the ‘Leipzig Charter’, ‘the Aalborg Charter’, the EU Urban Agenda; Habitat III New Urban Agenda; the EU ‘Pact of Amsterdam’, the EU and UN SDGs.
- Spatial and land policy ‘tools’ hold a particular significance to social and affordable housing providers e.g. land sharing; land banking (for rural development); land readjustment (for redevelopment) tools,
and spatial plans, e.g. land use/zoning plans; local development plans;
- Section 106 – ‘Planning obligation’ (United Kingdom/England).



Section 106 in England



Planning obligation – Section 106

Functioning of ‘planning obligation’ in 2016/17, in England:

- Town and Country Planning Act of 1990 (S106); the Planning Act 2008 (introduction CIL),
- Put forward by local planning authorities; addresses a developer that applies for planning permission (approval to build),
- Used to ‘secure funding towards mitigating the social and environmental effects of development’ (MHCLG 2018),
- Variety of developer contributions: e.g. for open space; transport and travel; community development; education; affordable housing

Section 106 for affordable housing:

- Obliges developer him to deliver certain % of affordable housing within a residential complex of 10 or more dwellings,
- Concerns residential and non-residential premises,
- Different targets across cities and locations + considered on case-by-case basis.

Example London Plan in 2014 – section 106

Affordable housing requirement on commercial development in London Plan in 2014

- For new commercial development with net increase of 500m² to make a financial contribution towards the off-site provision of affordable housing, - £20 per m² of additional floorspace.

Affordable housing requirement on residential development

- For new residential developments of 10 or more units of housing - 30% of the total number of units proposed in kind, on-site; or – in financial contribution of a rate equivalent of 60% of the number of units off-site in kind or via financial contribution.

Economic implications of S106 in England (2018)

Table 3.3 The 'real' value of developer contributions (£ million)

| Contribution Type | 2005-06 | 2007-08 | 2011-12 | 2016-17 |
|--------------------|-----------------|-----------------|-----------------|-----------------|
| CIL | - | - | - | £945.2 |
| Affordable Housing | £2,578.9 | £3,221.3 | £2,479.5 | £4,047.1* |
| Open Space | £278.1 | £289.4 | £121.8 | £115.6 |
| Transport & Travel | £466.7 | £569.6 | £452.8 | £131.6 |
| Community | £97.3 | £237.3 | £171.4 | £146.1 |
| Education | £198.6 | £333.5 | £218.8 | £241.2 |
| Land Contribution | £1,237.9 | £1,108.9 | £323.4 | £330.0 |
| Other Obligations | £193.3 | £226.2 | £32.3 | £50.6 |
| Total Value | £5,063.8 | £6,006.0 | £3,988.7 | £6,007.4 |

Source: 2007/08 report, 2011/12 report, LPA survey grossed up sample, CPI inflation adjusted using October to October rates

Table 3.3 demonstrates that real value of developer contribution for affordable housing was over 4bln GBP in 2016/2017.

Table 3.7 The value of in-kind developer contributions towards affordable housing 2016/17 by region (£ million)

| | Social Rent | Affordable Rent | Intermediate Rent | Affordable Home Ownership | Starter Homes | Unknown | Total |
|-----------------|----------------|------------------|-------------------|---------------------------|---------------|----------------|--------------------|
| East Midlands | £38.6m | £91.5m | £13.0m | £33.5m | £0.9m | £54.9m | £232.4m |
| East of England | £82.3m | £272.8m | £1.2m | £98.7m | £0.9m | £58.1m | £513.9m |
| London | £441.4m | £408.4m | £80.6m | £217.6m | £2.9m | £60.7m | £1,211.6m |
| North East | £10.4m | £41.1m | £0.8m | £17.5m | £ - | £7.5m | £77.5m |
| North West | £16.0m | £50.2m | £2.0m | £29.9m | £3.1m | £55.2m | £156.5m |
| South East | £144.4m | £436.5m | £7.0m | £230.6m | £5.5m | £52.4m | £876.3m |
| South West | £111.8m | £198.9m | £4.8m | £123.7m | £0.4m | £10.0m | £449.7m |
| West Midlands | £105.1m | £81.1m | £4.0m | £42.4m | £ - | £50.8m | £283.4m |
| Yorks. & Humber | £48.5m | £53.3m | £39.4m | £16.3m | £0.1m | £12.8m | £170.4m |
| Total | £998.5m | £1,633.9m | £152.9m | £810.3m | £13.7m | £362.3m | * £3,971.7m |

Source: Local Authority Housing Statistics and Nationwide Building Society

*This does not include the affordable housing direct payment commuted sum, at a total value of £75.4m.

Table 3.7 indicates that developers contributions for affordable rent (tenure) was the highest (over 1.6bln GBP) against other types of tenure; and in London was the greatest (over 1.2bln GBP) in comparison to other regions.

Economic implications of S106 in Tendring District Council, England

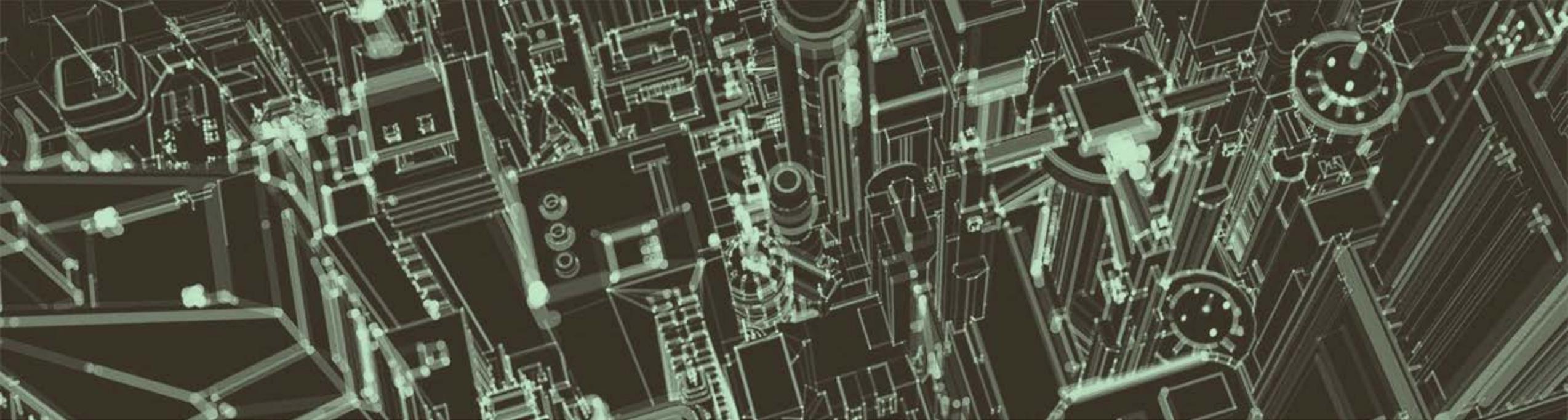
| Parish | Development | Developer / Owner | Start Date | Term (Years) | Total Amount | Total Spent | Balance |
|---------------|---------------------------------------------------|------------------------------|------------|--------------|--------------|-------------|-----------|
| Brightlingsea | Former James and Stone Shipyard - Car Parks B'sea | Hampstead Homes (London) Ltd | 30/09/2009 | 10 | 153,574.57 | 151,486.83 | 2,087.74 |
| Brightlingsea | Former Astralux Site Red Barn Road, B'Sea | NEEB Holdings | 04/05/2015 | 10 | 42,786.07 | 0.00 | 42,786.07 |
| Weeley | Barleyfields, Thorpe Road Weeley | Rose Builders | 06/03/2017 | 10 | 65,126.51 | 0.00 | 65,126.51 |
| Clacton | Site off Abigail Gardens Holland Road Clacton | Fisher Jones Greenwood LLP | 25/02/2014 | 5 | 89,991.86 | 0.00 | 89,991.86 |

Source: Spending in 3rd quarter of 2017

351,479.01 151,486.83 199,992.18

Housing finance

- How they relate to provision of housing
- Other products – VAT discounts on construction of affordable housing on the side of producers; tax benefits for first-time buyers: low-rate VAT and property tax exemption on the side of consumers
- Role of banks, non-banking institutions and other lenders
- For production (advantages for housebuilder)
- For purchase (advantages for tenant)
- Other products – VAT discounts on construction of affordable housing on the side of producers; tax benefits for first-time buyers: low-rate VAT and property tax exemption on the side of consumers



PSLA in France



PSLA in France

- Financial instrument used by **COOP' HLM** (Cooperative HLM – co-operative, limited profit companies founded in 1906, specialising in affordable homeownership production (built 400,000 housing units in a century), others: ESH, OPH,
- PSLA –financial mechanism type '**location-accession**' embedded in Loi n° 84-595 du 12 juillet 1984 définissant la location-accession à la propriété immobilière; Loi n° 83-657 du 20 juillet 1983 relative au développement de certaines activités d'économie sociale),
- PSLA – pending fulfilling certain income criteria, tenant has a right to purchase affordable rental apartment, rental period 1-4 years,
- Complemented by 3 types of guarantees (buy back and relocation guarantee; resale insurance),
- Key premises: strong collaboration between social/affordable housing institutions, banks and tenants, municipalities; mediation with a tenant.

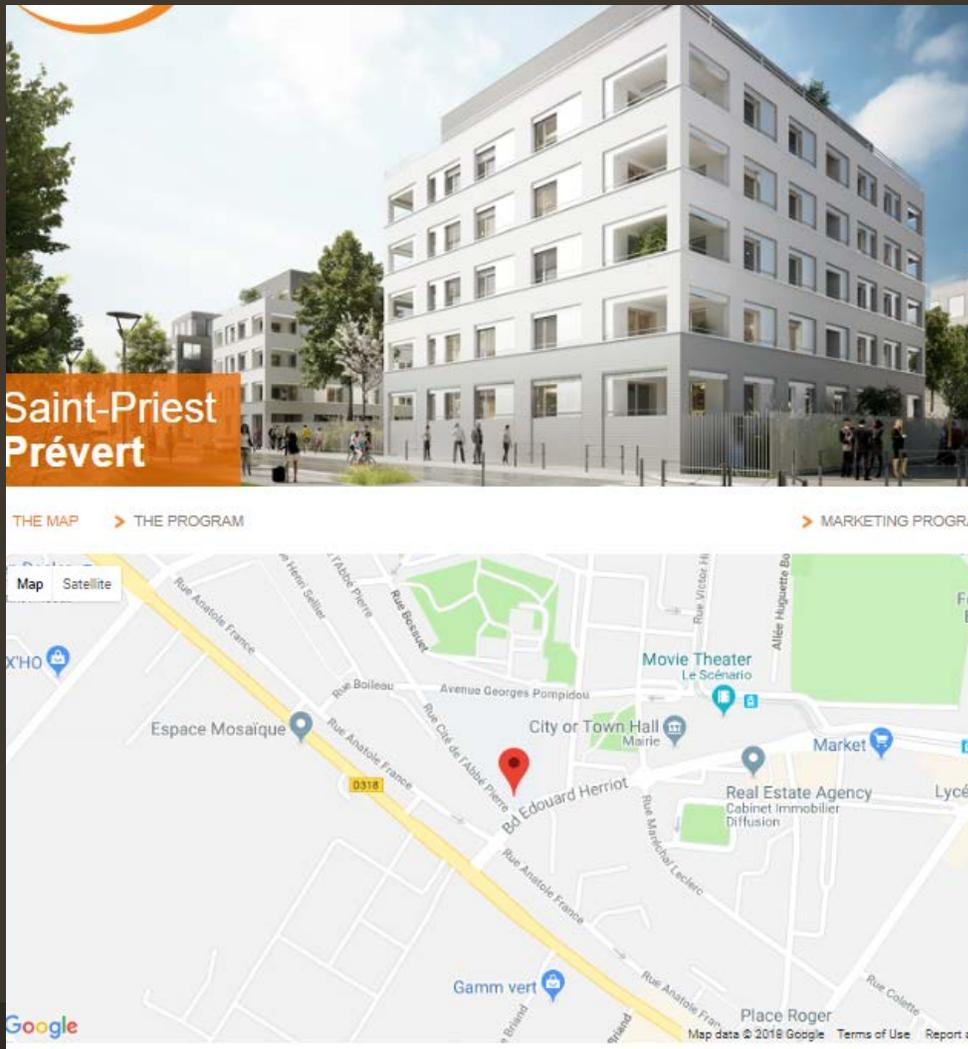
PSLA in numbers

- Scale of production in 2016 *2000 in 2016; social renting 90 000*
- *Scale small but becoming increasingly more important: Le PSLA connaît une progression plus importante depuis 2011 (6 700 logements, soit 132 % de plus qu'en 2010) et a atteint plus de 8 100 prêts en rythme annuel en 2015. Pour autant, ces chiffres restent marginaux dans le contexte général de l'accession à la propriété' p. 51*

LES PLAFONDS DE RESSOURCES PSLA 2018

| NOMBRE DE PERSONNES DESTINÉES À OCCUPER LE LOGEMENT | Zone A | Zone B et C |
|--------------------------------------------------------|----------|-------------|
| 1 | 31 825 € | 24 124 € |
| 2 | 44 554 € | 32 169 € |
| 3 | 50 920 € | 37 210 € |
| 4 | 57 922 € | 41 232 € |
| 5 et plus | 66 070 € | 45 243 € |

'Saint Priest' of the RSH (Lyon metropolitan area)



Access to affordable homeownership:

- This residence includes 50 units in secured accession from T2 to T5: 10 T2 / 25 T3 / 12 T4 / 3 T5.

Benefit from exceptional conditions:

- Price in VAT reduced to 5.5% under conditions of resources
- New Zero Rate Loan
- Resale insurance , repurchase guarantee and relocation guarantee
- Prime Plan 3A of the Métropole de Lyon.

PSLA and 'smart' urban planning

- Advantages: elasticity (testing the apartments; improving conditions; developing within social housing stock; allows effective and 'smart' management of social housing stock in a particular area;

'Smart' redistribution of dwellings in space:

- Identification of volume and spatial redistribution of demand for social/affordable housing thanks to collaboration with municipalities, is identified
- as developer, takes decision about location of new construction
- re-purchase guarantee allows either (i) retaining social housing stock in the areas of high demand; (ii) provides opportunities for resell on commercial market and invest in areas of high demand and/or of critical importance in cities

'Social mix' within the HLM stock

- Loi Solidarité et renouvellement urbain (The Solidarity and Urban Renewal Act) assumes 30% of social rent quota for operations above 12 dwellings.

Conclusions

Data sources

Thank you

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