

Cabinet Report



Report of Head of Housing and Environment and Deputy Chief Executive -
Place

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To: CABINET

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Housing Delivery Strategy and Action Plan

Recommendations

- (a) That Cabinet considers and adopts the joint Housing Delivery Strategy 2022-2024
- (b) That, subject to recommendation (a), Cabinet considers and adopts the associated Action Plan

Purpose of Report

1. To present the joint Housing Delivery Strategy 2022-2024 for consideration.
2. Subject to the joint Housing Delivery Strategy 2022-2024 being approved, for the Action plan to be considered.
3. Subject to the Action Plan being accepted, for Cabinet to approve the specific next steps identified.

Corporate Objectives

4. This strategy meets the following themes within the Corporate Plan 2020-2024.
 - Providing homes that people need

- Tackling the Climate emergency
- Building healthy communities
- Working in Partnership

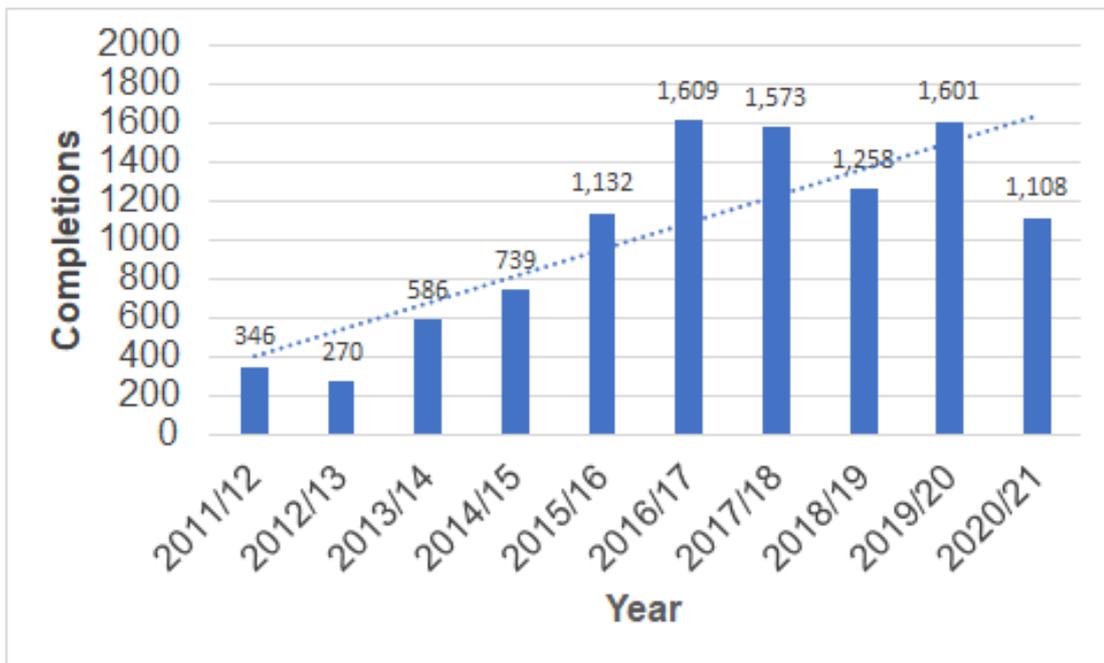
Background

5. Everyone needs a home. The availability, affordability, location and quality of housing have major impacts on people's lives and their sense of wellbeing. Increasing the supply of housing remains a priority for national Government with 216,490 new homes being completed in 2020/21, of which 90 per cent were new build and just 24 per cent were considered as affordable, using the National Planning Policy Framework definition.
6. The terms "Affordable housing" and "Social housing" are often used interchangeably in the media and elsewhere. They generally mean the same thing, which is sub-market rent level housing, most usually provided by councils or housing associations (Registered Providers). However "Affordable Rents" and "Social Rents" do have specific meanings. Affordable Rent is defined by national planning guidance as being up to 80 per cent of prevailing market rents in each area. Social Rents (also defined by planning guidance) are calculated according to government rent regime guidance, and typically fall between 45 and 60 per cent of market rents.
7. In Vale of White Horse, the high cost of housing has meant that new homes and homes built for "affordable rent" remain unaffordable locally to those on lower incomes. In 2021 the Government introduced funding through Homes England for social rent in areas with "high affordability pressures" including Vale of White Horse. Additionally, The Housing and Planning Act 2016 introduced Starter Homes as a new affordable housing product, the prototype for what are now called First Homes. This Act also updated a requirement for local authorities to hold a register of applicants and potential sites for self-build and custom-built housing.
8. Heavily influenced by the concerns arising from Grenfell Tower fire, The Charter for Social Housing Residents was published in November 2020 and emphasised the importance of residents being safe in their homes, informed and listened to, and complaints being dealt with fairly and quickly. The aspirations in the Charter are to be strengthened in the proposed Social Housing Regulation Bill 2021. This will introduce a more rigorous inspection and rectification regime, with new powers granted to the housing Ombudsman. The rights of tenants in all tenures may be strengthened further if the proposed Renters Reform Bill 2021 becomes legislation as it aims to ban no fault evictions, extend the decent homes standard to private rented properties; and introduce a ban on landlords having blanket exclusions of those on benefits.
9. Furthermore, The Levelling Up and Regeneration Bill contains a number of proposals which will impact on the delivery of new homes. It plans to replace the current Section 106 (S. 106) and Community Infrastructure Levy (CIL) with a new locally set infrastructure levy, gives greater weight to Neighbourhood Plans, already widely in place across the district. The Bill also proposes the use of national and local design codes to set the expected standards of good design to which all new developments must adhere. It includes measures to unlock sites and aims to increase the build out rates for new homes including sites where planning

permission has been gained but development is not taking place – known as land banking.

10. Locally, the council plays a role through its Local Plan in enabling it to meet the challenges that the district faces whilst protecting what is valued about the district, and also building on opportunities to make it an even better place. The current Local Plan sets out how development will be planned and delivered across Vale of White Horse to 2031. It sets out a vision, shows the strategy which responds to that vision and how it will be delivered working in partnership with everyone with a stake in the future of the district. It also includes policies that are used when determining planning applications. It identifies appropriate areas and sites for development, such as new homes, offices, shops and community facilities, and also outlines how valuable historic and natural environments will be protected and enhanced. The policies in the Local Plan are used to help make decisions on planning applications in the district.
11. More broadly, the council plays a significant role in the development and success of the whole housing system, regardless of tenure. Enforcement within the private rented sector, management of the housing allocations policy for social housing and support for those who are, or are at risk of, homelessness.
12. Housing plays a central role in the council's ambition to take action to tackle the climate emergency, and the strategy outlines its desire to reduce the carbon contribution of existing homes through retrofitting. New developments should look to reduce carbon emissions both in the methods by which homes are constructed (embodied carbon in materials and construction methods), and in the design of the homes. The council is constrained by the requirements of national building regulations, although these have been updated to require reduced carbon emissions. Regulations will be further strengthened when the Future Homes Standard comes into effect in 2025 which will require new builds to produce 75-80% less carbon emissions.
13. The council does have a track record of delivery of affordable houses and has exceeded its target for completions for the past 6 years, delivering 10,222 in total, with last year's figures reflecting the impact of the pandemic on slowing the rate at which homes were completed

Housing Target for new homes - Vale of White Horse (Local Plan 2031)	
2011 - 2031	20,560
Oxford City Unmet need (additional)	2,200
Annual Target	819 dwellings per annum



14. The council wants to see more developments like the exemplar project located in Southmoor. The [Springfield Meadows](#) Passivhaus scheme is a multi-award-winning project of 25 Climate Positive homes. Benefitting from diverse shared outdoor spaces and private gardens, it consists of 9 affordable houses and 16 for open market sale. They are all well designed, high-performance homes, which provide comfortable, low-carbon living. Springfield Meadows has been awarded One Planet Living Global Leader status by the leading UK environmental charity Bioregional, and many other awards. This development seeks to lock in more carbon than it emits and generate more energy than it uses.

15. The council is keen to continue to work in partnership with Community Land Trusts to provide low cost, community-led housing such as the Oxfordshire Community Land Trust scheme at Croft's Court, Cumnor.

Housing Delivery Strategy

16. The council, working with an external housing consultant, began work earlier this year to develop a Housing Delivery Strategy which would meet the corporate objectives outlined and look to address delivery of more affordable and social housing at a local level.

17. The strategy document for approval is shown in Appendix 1, and outlines four strategic housing priorities which encapsulate the existing activity and future ambitions. These are:

- Providing homes to meet current and future local need
- Delivering housing that is truly affordable
- Valuing and supporting council and community led housing initiatives
- Planning for well-designed net zero carbon housing.

Action Plan

18. To deliver the Housing Delivery Strategy, officers have identified a strategic action plan, which is shown in Appendix 2. This action plan is split into short-, medium- and long-term actions and, subject to its approval, officers will aim to deliver within the timescales identified
19. As part of the operational restructure approved by the Head of Paid Service in February 2022, a new service team was created under the Head of Housing and Environment to focus on Housing Delivery. Recruitment to the post of Housing Delivery Manager is currently underway.

Options for delivery of new social housing

Needs Assessment from the Housing Register

20. It is vital in considering any new social housing that the specific requirements are considered to ensure that properties are in the right location and to meet the most need. The details of the specific needs to be addressed will come from a regular and more detailed interrogation of the housing register by officers to establish where supply may not be meeting the demands, such as where there some hard to place households or areas where there is a demand for affordable housing but a lack of supply.
21. It is not possible to state exactly what the council would be requiring from new social housing as the needs would change on a regular basis. However the following criteria will be used to enable officers to create a specification:
 - Location
 - Need for adaptation
 - Accessibility
 - Size of family to be accommodated
 - Requirement of local services
22. This information on housing need will be shared with potential providers of social housing to help them to take account of need in their plans to bring forward new housing.

Sources of funding

23. The council can place planning obligations on developers of new sites under Section 106 (S.106) of the Town and Country Planning Act 1990, and where these obligations cannot be achieved on site the council can receive financial contributions, called commuted sums, in lieu of the on-site delivery of affordable housing.
24. In October 2020, Cabinet approved a framework for Registered Providers and other housing providers to apply for grant funding to subsidise the delivery of affordable homes. The assessment criteria include environmental considerations, for example the carbon footprint of the project.

25. The council invites bids for affordable housing grant from housing providers to enable delivery of additional affordable homes where subsidy is required to make the project financially viable.
26. As identified within the action plan for the Housing Delivery Strategy, there is a need to agree criteria and put in place a framework and to agree a set of principles which inform the priorities for use of S.106 funding and can demonstrate value for money. By having such criteria, the council can have more confidence that available resources will be used in a coordinated and strategic way and aligned to identified priorities.

Strategic options for providing new social housing

27. There are four strategic options that could be pursued.
- Option 1 - Continue to invest into schemes presented by Registered Providers. Invest S.106 or council capital funds into schemes presented by Registered Providers of housing to bring forward otherwise unaffordable schemes to be social housing. This represents a continuation of the current approach to using S.106 funds.
 - Option 2 - Invest into council-owned property. Invest S106 or council capital funds into property, to be owned by the council and provided to those with a housing need at social rent.
 - Option 3 Support community led housing to deliver affordable housing, using S.106 or council capital funds. The models for community led housing can include social and affordable rent and low-cost home ownership.
 - Option 4 - Reject the options and not invest in housing schemes. This is the 'do nothing' option and will significantly restrict the increase in affordable and social housing in the district and not meet corporate aspirations. Additionally, if this option is taken it should be recognised that S.106 receipts that can only be invested in social housing will not be able to be spent.
28. Overall it is officers' recommendation that a balanced approach, following options 1,2 & 3, should be taken. Before Option 2 can be taken forward, the council will need to identify suitable funds to invest into social housing, and create a suitable budget for doing so, and any decision requiring finance would still have to come back to Cabinet/Council.

Council-owned housing considerations

29. Although the council currently has no plans to purchase its own housing stock, if this was to change in future it would need to consider if the local authority should operate its own housing stock, there are a number of factors to be taken into account before reaching a decision to proceed.

Housing revenue account

30. A Housing Revenue Account (HRA) is intended to record expenditure and income on running a council's own housing stock and closely related services or facilities, which are provided primarily for the benefit of the council's own tenants. A local

authority may hold up to 199 homes outside the HRA under Direction. Once the 200-home threshold is reached, a local authority must open an HRA and may borrow prudentially to continue their building within the HRA. To hold property outside the HRA, the council must write to the Secretary of State for Housing, Communities and Local Government to apply for a direction that permits these homes to be held outside the HRA; this is usually a formality, though in some instances there is a duty to consult. Any council dwellings that are built outside the HRA must be covered by a direction.

Financial model for purchase and operate

31. The council needs to ensure that it is using best value when purchasing property and operating as a social landlord. A full financial appraisal will identify the most prudential way to fund the scheme. There will then be costs involved in operating the property including:

- depreciation of capital
- insurance
- emergency repairs
- medium- and long-term maintenance
- housing officers to manage tenancy, ensure rent and service charges is paid, follow eviction procedures where required
- grounds maintenance

All of these costs need to be factored into determining the lifetime of the asset, and which rent level is appropriate to ensure that the housing costs are not being subsidised by the taxpayer.

Right to buy obligations

32. 'Right to Buy' allows most council tenants to buy their council home at a discount.

Obligations to meet with the social charter

33. The new Charter for Social Housing will apply to all social housing and will place obligations on all social landlords.

Economies of scale

34. The number of properties that are owned will have an impact on the value of resources. For example, regardless of the number properties owned, there will be a need for housing staff to manage the tenancies, and access to repairs and maintenance staff who can look after the properties.

Approach to all housing issues

35. This strategy sets the vision of how the council wants more suitable and affordable housing to be delivered. In addition, further work, as indicated within the action plan, will be undertaken on the following issues:

- review of the private rental sector within the district, with the aim of bringing forward a strategy to help ensure that private rent, in all its forms, works for tenants, landlords and residents, including Homes of Multiple Occupation (HMOs).
 - review of the number of empty properties within the district, and how the council can work with property owners to maximise the number of them brought back into use as homes
 - working closely with Registered Providers of housing
36. Together, and working alongside the current and future Local Plan, these will form an overall strategic approach to improving the availability, affordability, location and quality of housing.

Climate and ecological impact implications

37. The Housing Delivery Strategy has set one of its priorities as “Planning for well-designed net zero carbon housing.” In addition it meets several actions within the corporate plan.
38. Any new homes directly purchased by the council in the future will need to have a financial appraisal for retrofitting to ensure that it meets the minimum standards but aims for higher where possible. Where financially viable, properties would be designed to zero carbon standards on a previously developed site.

Financial Implications

39. As identified within the Action Plan, any action requiring additional resources to that already identified within the existing budget will require further approval.
40. The report above identifies where additional resources would be required to deliver the specific action within the Action Plan to purchase properties and the associated resources required to support that.
41. The council will complete financial due diligence in advance of any grant funding being made available to a Registered Provider of Housing.
42. Any council decision that has financial implications must be made with the knowledge of the council’s overarching financial position. For Vale, the position reflected in the council’s medium-term financial plan (MTFP) as reported to Full Council in February 2022 showed that the council was able to set a balanced budget for 2022/23, but that there is expected to be a budget gap in future years.
43. This future funding gap is predicted to increase to over £3.7 million by 2026/27. As there remains no certainty on future local government funding, following the announcement of a one-year spending review by government, and as the long-term financial consequences of the Coronavirus pandemic remain unknown, this gap could increase further. Every financial decision made needs to be cognisant of the need to address this funding gap in future years.
44. S.106 monies held by the council are developer contributions received in lieu of affordable housing and cannot be used support general revenue budgets. The council’s current received balance for S.106 monies is approximately £4 million.

Legal Implications

45. Housing Act 1985, Section 9 allows a local authority to provide housing accommodation by erecting houses, or converting buildings into houses, on land acquired by them, or by acquiring houses.
46. The Housing Act 1985, as amended gives eligible tenants of social rented housing the right to buy their property at a discount. Any tenancies granted that do not fall within one of the exceptions will be secure tenants under the Act.
47. The Social Housing Regulation Bill 2022-23 was introduced on 8 June 2022. It proposes to make all registered social housing providers subject to a new regulatory regime, with failing social landlords facing unlimited fines if they fail to meet expected standards. The Bill aims to have “more people living in decent, well looked-after homes enjoying the quality of life they deserve”.
48. Funding Agreements to be entered into in respect of grant funds to limit risk.
49. Should the council decide to purchase property in the future Legal will be instructed in connection with any procurement required and to carry out the conveyancing in respect of any properties.

Risks

50. There is a risk that the Action Plan will not be delivered to the timescale indicated. To minimise this outcome, Heads of Service have reviewed the Action Plan and will work corporately to deliver the actions, and a dedicated risk register will need to be developed which covers the entire plan and takes account of current resources available for its delivery.
51. The council transferred its housing stock as part of a Large-Scale Voluntary Transfer (LSVT), and has since been reliant upon external organisations to deliver social housing. It is therefore a risk that the council has chosen not have expertise in this area if it decided to purchase new social housing of its own. This risk is mitigated by the creation of a new team and recruitment of a suitably experienced Housing Delivery Manager, and the use of experienced external consultants to produce the strategy.
52. There is a risk that conditions on S. 106 funds may prevent the delivery of desired future schemes. This would only be known once the housing needs assessment has been completed, and could result in compromises being made between the perfect type and location of property, and the conditions of the funding. The mitigation is that a financial appraisal will be undertaken, overseen by the Head of Finance, prior to purchase.
53. If the council decided to purchase property, it would be a risk that suitable property will not be available, or once bought may have structural or other issues. This risk would be mitigated by the use of the experienced property team within the Development & Corporate Landlord service
54. It is possible that if the council decided to own property, but wished an external organisation to manage them on its behalf, it may not find a suitable organisations to do such work in the medium term.

Conclusion

55. The Housing Delivery Strategy outlines a direction of travel in how the council will increase the amount of affordable and social housing in the district, whilst taking account of important factors relating to the local community and environment.
56. The associated Action Plan identifies a wide range of actions that services from across the council will undertake to support in the delivery of that strategy.
57. Additionally, by continuing to use S.106 funds to support applications from Registered Providers and supporting community led housing initiatives the council has a clear opportunity to support the provision of the four key objectives as set out in the Housing Delivery Strategy.