

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Final Report of the Accelerating the Delivery of Affordable Housing Task and Finish Group
Meeting/Date:	Overview and Scrutiny Panel (Performance and Growth) – 1st October 2019
Executive Portfolio:	Councillor R Fuller, Executive Councillor for Housing, Planning and Economic Development
Report by:	Councillor S J Corney and Councillor J P Morris (Members of the Task and Finish Group)
Wards affected:	All

Executive Summary:

The Accelerating the Delivery of Affordable Housing Task and Finish Group reviewed an extensive amount of evidence as well as hearing testimony from a number of expert witnesses on ways to increase and accelerate the development of affordable housing, particularly through the use of Rural Exception Sites (RES).

Affordability of housing was identified as a significant issue for residents by the Annual Governance Statement: Significant Issues report presented to the Corporate Governance Committee in March 2018. In addition to this, the Council's Corporate Plan 2018-22 pledges to improve the supply of new and affordable housing with a performance indicator committing the Council to measure the number of new affordable homes delivered.

Recommendation:

The Overview and Scrutiny Panel (Performance and Growth) is recommended to review this report, endorse the Task and Finish Group's findings and ask the Cabinet to consider the following recommendations.

The Group recommends the following:

- 1. Whilst recognising the importance of Rural Exception Sites in providing affordable housing to areas that need them, the Council should not be reliant on the mechanism in order to accelerate and increase the delivery of affordable housing.**

- 2. The Council should continue to support Rural Exception Sites and promote the opportunities they will bring in providing affordable housing to rural areas.**
- 3. The Council should continue to review and, if practicable, pursue the opportunities that partnership working with Housing Associations offer in accelerating the development of affordable housing. In particular, it should continue to encourage and support housing associations in securing sites in their own right resulting in less reliance on developers.**
- 4. Biannually, all Members should be sent statistics on homelessness and the number of affordable homes completed, in addition to the data currently provided in the Council's Integrated Performance Reports.**

1. PURPOSE OF THE REPORT

- 1.1 The report will inform the Panel of the findings and recommendations of the Accelerating the Delivery of Affordable Housing Task and Finish Group. It will outline the evidence reviewed and the key points of the expert witnesses.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 The Annual Governance Statement: Significant Issues report presented to the Corporate Governance Committee on 28th March 2018 identified housing affordability as a significant issue which was subsequently added to the Annual Governance Statement 2017/18. The issue would impact on the Council's ability to deliver the Corporate Plan.
- 2.2 The lack of affordable housing has contributed to the rise of homelessness and, as the Council has a statutory responsibility to assist homeless residents, this has created a greater financial burden upon the budget.
- 2.3 In light of this, the Overview and Scrutiny Panel (Performance and Growth) established a task and finish group on accelerating the delivery of affordable housing.

3. OPTIONS CONSIDERED/ANALYSIS

- 3.1 In starting their investigation, Members reviewed a number of documents and noted that affordability is an issue particularly for the lower quartile as the price to income ratio for Huntingdonshire is 8.8 which clearly demonstrates that local housing is unaffordable for low income households.
- 3.2 Once affordability was confirmed as an issue, Members sought to establish the District's affordable homes requirement by reviewing the Housing Strategy 2017-20. The strategy states that the District requires 7,897 new affordable homes to be provided in the period between 2011 and 2036.
- 3.3 In financial year 2017/18 123 new affordable homes were completed, and in 2018/19 it was 268. For 2019/20, 300+ are anticipated so the trend in supply is increasing. If delivery through to 2036 is 250 new affordable homes per year the District would be short of the target by 2,166 homes. Members concluded that the delivery of affordable house needs to be accelerated to an average of 377 affordable home completions per year.
- 3.4 Members reviewed the need for Rural Exception Sites (RES) within Huntingdonshire. The District is largely rural with many communities needing a supply of new housing, including affordable housing, in order to maintain their vitality and assist residents in finding accommodation that meets their changing needs. It was concluded that as RES is important in meeting local needs, it was important for Members to

investigate the mechanism for the possibility of using it to accelerate the supply of affordable housing.

- 3.5 Community Land Trusts (CLTs) were discussed as a way of delivering affordable housing; however there are factors that make CLTs an unsuitable mechanism to accelerate delivery within the District. CLTs need to be established as a legal entity which can take some considerable time. They also need to be community-led which requires the long term commitment of trustees who are often made up of volunteers giving up their free time to manage the project. As a result, Members remained unconvinced as to whether CLTs would deliver the appropriate levels of affordable housing required.

4. EXPERT WITNESSES

4.1.1 Cambridgeshire ACRE

The Group invited Mr Mark Deas of Cambridgeshire Action with Communities in Rural England (ACRE) to a meeting on 12th March 2019 to discuss Rural Exception Sites (RES). Mr Deas explained that the bigger the village the more likely the need for RES and that where there is more affordable housing stock the demand is greater.

- 4.1.2 It was explained that developing RES can take Cambridgeshire ACRE a considerable amount of time. The Parish Council would have to be engaged; then a housing needs survey would need to be undertaken and that would have to show the majority of the parish supports the principle of a RES. After those stages have been undertaken, potential sites would have to be identified, after which the landowner would need to be engaged with. It was noted that the Council's policy to allow 40% of the RES to be developed for market has encouraged some landowners to allow development.

- 4.1.3 Mr Deas advised Members that, although RES are a valuable tool in delivering affordable housing, it is not the solution in delivering affordable housing on a larger scale.

4.2.1 Cross Keys Homes and Longhurst Group

Mr Mark Hanson of Cross Keys Homes and Mr Ian Jackson of Longhurst attended the meeting on 23rd April 2019. In relation to RES, Mr Hanson explained that, in his experience, RES are very slow, expensive, involve a lot of time management and do not produce many units. It was noted that RES can take 4 to 5 years to complete but Mr Hanson has known one site which took 14 years to complete. This means that, as the process for RES is quite slow, it is not a mechanism which could be used to significantly accelerate the delivery of affordable housing.

- 4.2.2 When discussing the main issues in delivering affordable housing Mr Hanson and Mr Jackson informed the Group that the private sector absorption rates mean that housing rates are delivered slowly, obtaining land can be difficult and labour costs are high due to labour and skills

shortage. Affordable Housing delivery has historically been via housing associations relying on developer provision meaning they are reliant on developer timescales. Nonetheless it was acknowledged this is a useful delivery mechanism and it was further acknowledged that the Council has been successful in securing 40% Affordable Housing on most sites. Increasingly however, organisations such as Longhurst and Cross Keys are forming a partnership and acquiring whole sites and then providing an increased proportion of Affordable Housing. This not only increases supply but also accelerates delivery.

4.3.1 Luminus

Mr Nigel Finney and Mr John Walton of Luminus attended the meeting on 30th April 2019. Members were acquainted with the opportunities of accelerating the delivery of affordable housing by collaborating with Luminus.

4.3.2 The possibility of repurposing underutilised garage sites for affordable housing was discussed. The sites were built in the 1960s/70s, they can't fit a modern car and are (where used) generally used for storage.

4.3.3 Members were informed that if the Council wanted to develop affordable housing on its own land then Luminus would be willing to work in partnership in order to develop and manage the housing. It was recognised that the lack of land supply is an issue for the development of affordable housing.

4.3.4 Luminus have a number of potential sites on which prefabricated homes could be provided; these offer speed of fabrication as well as construction. Some of the homes could be placed on large low density plots so there is an opportunity to reposition and add more units onto those plots.

4.3.5 Through Places for People, Luminus has a strategic partnership with a modular homes provider who can produce 1000 units per year. It was noted that construction cost is a challenge when accelerating development and that using modular homes could provide a solution to the challenge.

5. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND/OR CORPORATE OBJECTIVES

5.1 The Council pledged in the Corporate Plan 2018-2022, under the Place section, to *'improve the supply of new and affordable housing, jobs and community facilities to meet current and future need'*. In addition, a specific performance indicator commits the Council to measure the number of new affordable homes delivered.

6. LEGAL IMPLICATIONS

6.1 The Council would have to ensure that any effort to accelerate the delivery of affordable housing adheres to planning legislation.

7. RESOURCE IMPLICATIONS

- 7.1 Members would consider it prudent of the Council to explore opportunities to allow the development of affordable housing on parcels of land it owns. Whether it is through partnership with a housing association or through a local authority trading company.
- 7.2 It was noted that, since a local authority trading company would take time, effort and a considerable amount of resource, then if the Council was to develop affordable housing on its land then this could be alternatively be done through partnership with a housing association achieving broadly that same objectives.

8. HEALTH IMPLICATIONS

- 8.1 A balanced housing market can have a direct contribution to improved health and well-being for Huntingdonshire residents which could reduce demand on the health services in future years and also allow people to remain economically active.

9. OTHER IMPLICATIONS

- 9.1 With Huntingdonshire's average house price increased by 36% since April 2014, this has made it more difficult for some residents to purchase a property within the District. Delivering on affordable housing targets will mean that more residents can purchase or rent their own properties and will reduce the risk of becoming disadvantages or homeless.

10. REASONS FOR THE RECOMMENDED DECISIONS

- 10.1 When reviewing the RES mechanism the negatives highlighted by the expert witnesses were the following:
- RES can take a considerable length of time to complete;
 - most RES are relatively small and do not produce a lot of affordable units; and,
 - land supply is an issue when finding suitable RES locations.
- 10.2 The Group concluded that, for the reasons outlined in 10.1, RES would be unsuitable to deliver affordable housing on a larger scale or accelerating the supply and that the Council should not concentrate all efforts on delivering more RES as it is unlikely that the mechanism will sufficiently 'improve' supply to the level required. Nonetheless it was acknowledged that the Council's RES policy is innovative, does have the potential to deliver and the Council should continue to maximise opportunities to provide housing through this mechanism.
- 10.3 As land supply was highlighted as an issue, the Group concluded that the Council should, where practicable, develop affordable housing on its own land. As the Council's Corporate Plan commits to improving the supply of affordable housing and there is a performance indicator to measure

progress, it is in the Council's interest to use its land for the development of affordable housing.

- 10.4 It was recognised that it is impracticable and undesirable for the Council to develop affordable housing in isolation. Therefore the Group recommends that, where practicable, the Council should work in partnership with Housing Associations in order to develop more affordable housing. It was clear in the meeting with Luminus that opportunities exist that would accelerate supply.
- 10.5 During the Task and Finish Group meetings, it became clear that most Members are unclear of the housing need within Huntingdonshire. It was recommended that in order to remedy this, Members should be proactively sent data such as number of new affordable homes completed twice a year, in addition to the data provided by the Integrated Performance Reports.

11. BACKGROUND PAPERS

Community Land Trusts Report, December 2018
Housing Strategy 2017-20
Housing Strategy Action Plan 2018/19
Local Plan Extract – LP 25, Affordable Housing Provision
Local Plan Extract – LP 30, Rural Exceptions Housing

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