

<b>Decision maker:</b>	<b>Cabinet member housing, regulatory services, and community safety</b>
<b>Decision date:</b>	<b>Thursday 14 May, 2020</b>
<b>Title of report:</b>	<b>Options for delivering council-owned Housing</b>
<b>Report by:</b>	<b>Programme director housing and growth</b>

## **Classification**

Open

## **Decision type**

Non-key

## **Wards affected**

(All Wards);

## **Purpose**

To approve the commencement of an investigation of different models of delivering council housing.

## **Recommendation(s)**

**That:**

- (a) The Programme Director Housing and Growth is authorised to commence expenditure from the earmarked financial resilience reserve of £150,000, to fund the commissioning of an investigation of different models of delivering council housing;**

## **Alternative options**

1. The Council could determine not to commission the investigation of different models of delivering council housing however, this would not provide the council with the outcomes sought from the Cabinet decision dated 24<sup>th</sup> October 2019.

## Key considerations

2. Herefordshire has experienced a housing affordability gap for a number of years and is regularly identified as having one of the worst house price to earnings ratios in the West Midlands. Based upon median house price to income levels the ratio was 9.82 in September 2018 compared to highest (Malvern Hills) at 11.31 and lowest (Stoke on Trent) at 4.39. We await confirmation as to whether the forthcoming Housing Needs and Requirements Survey (HNRS), (a survey of market and affordable housing need in the County),..... will further confirm longstanding evidence that there is significant unmet housing need in the County with only a limited supply of affordable housing being released through the housing waiting list each year. Access to the private rental sector, which might ordinarily represent an alternative route to housing, is similarly limited due to high rental values being out of reach to many households (Shelter Report 'The cost of unaffordable rents in the private rented sector' November 2019) and, more recently, evidence of smaller private landlords withdrawing from the private rental market.
3. At a strategic supply level the delivery of both market and affordable new housing is falling short of the housing target of 16,800 new homes set out in the adopted Herefordshire Core Strategy, with only a 4.05 years forward housing land supply reported in 2019 against the 5 year minimum requirement set out in the National Planning Policy Framework (NPPF). In the developer-led market where the focus continues to be on developing the most profitable housing types on the most profitable and deliverable sites, some larger strategic housing sites in the Core Strategy have not yet been delivered. The lack of delivery of smaller and more affordable new homes is therefore placing additional pressure on house prices and the associated accessibility of the housing market to local and/or newly forming households. NPPF policy, removing any obligations to deliver affordable housing on sites of 10 houses or less, has contributed to the challenges faced by local authorities in securing new affordable homes.
4. The impact on Herefordshire's population is that many residents, especially within the younger population, are unable to remain living in their local communities. The lack of housing availability and choice in the County raises house prices and creates barriers for Herefordshire's vulnerable residents and its growing population of older people to secure suitable homes that are affordable, accessible and can be adapted to suit their changing needs. This therefore increases the risk of older and vulnerable households becoming overly reliant on statutory support and care services and losing independence at an earlier stage than necessary. The wider economic, health and wellbeing impacts of housing market failure in Herefordshire represent a significant challenge for the broad communities of Herefordshire and create a financial risk for the Council in sustaining services to meet the increasing demand for support services.
5. Following it's consideration of the risks and opportunities surrounding the lack of affordable housing in Herefordshire, on 24<sup>th</sup> October 2019 Cabinet resolved to establish a new earmarked reserve of £150k, utilising funds held in the financial resilience reserve, to fund the investigation of different models of delivering council housing.
6. The investigation of different models of delivering council housing in seeking to help address the shortage of affordable housing in the county is intrinsically linked to the ambitions of the new County Plan 2020 – 2024.

- Environment – protect and enhance our environment and keep Herefordshire a great place to live
  - Community – strengthen communities to ensure everyone lives well and safely together
  - Economy – support an economy which builds on the county’s strengths and resources
7. This report seeks to authorise expenditure from the earmarked reserve, for the purpose of securing necessary specialist consultancy support to investigate the different models for the council to consider. A proportion of the reserve will be allocated following a procurement process which will be carried out in accordance with the council’s Contract Procedure Rules. A copy of the draft proposed consultant’s brief is attached to this report as Appendix A.
  8. At the conclusion of the investigation, the consultants will be required to present their findings to Cabinet in order that next steps can be considered.

## ***Community impact***

9. The proposals set out in this report support the ambitions of the County Plan 2020 – 2024.
10. Access to suitable housing is a critically important factor in securing the Council’s strategic priorities and would be expected to have a positive impact on local communities.

## **Equality duty**

11. Under section 149 of the Equality Act 2010, the ‘general duty’ on public authorities is set out as follows:  
  
A public authority must, in the exercise of its functions, have due regard to the need to -
  - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
12. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying ‘due regard’ in our decision making in the design of policies and in the delivery of services. As this is a decision to approve the expenditure of funding in support of an investigation of different models of delivering council housing, we do not believe that it will have an impact on the Council’s equality duty, rather the equality duty will be further considered in subsequent stages in the event any recommendations come forward for a decision.

## **Resource implications**

13. On 24<sup>th</sup> October 2019, Cabinet approved an earmarked reserve of £150,000, utilising funds held in the financial resilience reserve, towards investigating the different options available to the Council, for the purpose of investigating different models of delivering council housing. The revenue consequences of the initial investigation will be determined following the procurement process but is expected to be well within the allocated reserve. A profile of expenditure of the remainder of the £150k reserve would be prepared in the event the project were to progress beyond this initial investigation.

## **Legal implications**

14. This is an executive function which is a non key decision, which will be taken by a Cabinet member.
15. The expenditure of the reserve in the investigation of different models for delivering council housing is not a statutory requirement. The general power of competence under the localism act provides the ability to undertake this work.
16. There are no other legal considerations or risks with the cabinet member doing what is proposed.

## **Risk management**

17. Regular budget monitoring will ensure the project expenditure remains within the allocated budget. Any further budget requirements associated with the investigations would be subject to further reports. The recommendation set out in this report will account for only a proportion of the budget identified within this report and recommendation.
18. Specialist consultants will be secured through appropriate procurement supported by a consultant's brief.
19. Any relevant risks to this agreed expenditure would be managed at Directorate level and would be identified through the Economy and Place Directorate Risk Register.

## **Consultees**

20. None

## **Appendices**

None

## **Background papers**

None identified

## **Please include a glossary of terms, abbreviations and acronyms used in this report.**

- House price to earnings ratios - an indicator for the affordability of housing. The **ratio** is calculated by dividing the average value of **property** by the average annual

**earnings** and relies on survey data for the **earnings** element and Land Registry sales data for the average **house prices**

- Five-year housing supply - The **supply** of specific deliverable sites sufficient to provide **5** years' worth of **housing** (plus an appropriate buffer) against a **housing** requirement set out in adopted strategic policies, using the standard method, as appropriate in accordance with national policy.
- Housing Needs and Requirements Survey (HNRS) – a survey to be undertaken to establish the need for housing within Herefordshire's local housing market areas.
- Open market housing – Housing sold on the open market at prevailing house prices in that area.
- Affordable Housing - Annex 2 of the NPPF defines affordable housing as 'Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)'
- HM Treasury's Green Book - Government guidance on the appraisal of public investments. The purpose of this guidance is to ensure that policies, programs and projects adopted are the best ways to achieve policy objectives and make the best use of public resources