

Affordable and Social Housing

Meeting: Connected Communities Scrutiny Committee

Meeting date: Tuesday 15 October 2024

Report by: Service Director for Economy and Growth, Head of Service Housing, Interim Head of Housing Development

Classification

Open

Decision type

This is not an executive decision

Wards affected

All wards

Purpose

This report highlights the challenges faced by Herefordshire in meeting the demand for affordable housing. It outlines the current housing situation, the role of various stakeholders, and strategies employed by the local authorities to manage affordable housing and temporary accommodation. The report also discusses the mechanisms for delivering additional housing and the efforts made to reduce reliance on costly temporary solutions such as Bed & Breakfasts and hotels.

Recommendation(s)

That:

- a) The committee notes this report and;**
- b) Prepare any questions and determines any other actions or recommendations it may seek to make.**

Alternative options

1. The Connected Communities Scrutiny Committee has agreed to assist (as per their Terms of Reference) with considering how the council can address the affordable housing crisis. There are no alternative options to those already agreed with the committee.

Key considerations

2. Affordable housing refers to homes for sale or rent intended for people whose housing needs cannot be met by the private market. It includes social housing, affordable rent, and ownership products like shared ownership and low-cost market housing. Social rent remains the lowest and most affordable form of accommodation and it is always the tenure that housing negotiate first as our greatest need. It is important to distinguish between social housing and affordable housing, as the former traditionally refers to social rented homes, which are the most affordable type of housing.
3. Affordable housing in Herefordshire is divided into two categories:
 - a. **Rented Sector:** Includes social rent, affordable rent, rent to buy, and intermediate rent.
 - b. **Home Ownership:** Includes shared ownership, low-cost market housing (LCM), discounted market housing (DM), and the government's First Homes initiative.
4. Social rent, the lowest tenure, is set below average rent levels. Affordable rent, by contrast, is determined by a government formula with capped increases. The council's LCM tenure aims to align rent levels with local incomes, while First Homes target first-time buyers.
5. Herefordshire faces a significant shortage of affordable homes, exacerbated by the cost-of-living crisis. Key statistics include:
 - a. **1,957 households** on the general needs affordable housing waiting list.
 - b. **67 households** registered for wheelchair-accessible accommodation.
 - c. **120 households** in temporary accommodation, a 100% increase from pre-pandemic levels.
 - d. **£3.5 million** spent on temporary accommodation in 2023/24, with a **£1.3 million overspend**.
 - e. **18 individuals** are currently street homeless and receiving support
6. The use of bed & breakfast (B&B) or hotel accommodation remains a vital component of the council's temporary accommodation strategy, offering flexibility while household applications are being assessed. However, this option is costly, ranging between £90 and £130 per night, and is a politically sensitive matter. Due to high demand for temporary accommodation, the council depends heavily on B&B and hotel accommodations to supplement the existing supply.
7. Efforts to offset B&B or hotel expenses involve securing Housing Benefit payments, the Homelessness Prevention Grant, and Discretionary Housing Payments. However, applying for Housing Benefit, particularly for B&B or hotel accommodation and other supported housing, is

complex, time-consuming for officers, and not recoverable to the Housing Solution budget, as funds are instead paid into corporate accounts.

8. The provision of temporary accommodation is a statutory obligation under the Housing Act, designed to support households assessed as homeless or those undergoing investigations to establish housing needs. The council offers various temporary accommodation solutions, including:
 - a. Properties owned and managed by registered social housing providers (RPs) for temporary accommodation purposes;
 - b. Private landlord-leased properties managed by the Temporary Accommodation Team;
 - c. Properties owned by Herefordshire Council; and
 - d. B&B/hotel accommodations secured on a nightly or weekly basis.
9. Within Herefordshire, various departments in the council work with RPs whom together contribute to housing and service delivery. These departments have a reference trade name to enable residents an easy means to identify the services. The service departments within Herefordshire Council include:
 - a. **Housing Solutions:** Responsible for homelessness, temporary accommodation, and outreach support.
 - b. **Home Point:** Manages the social housing register via a choice-based letting system in Herefordshire.
 - c. **Strategic Housing:** Negotiates and delivers affordable housing, publishes housing-related strategies, and bids for grant funding.
10. The RPs play key roles in owning and delivering affordable housing, alongside support services offered by the private sector.
11. The council does not hold significant housing stock and is therefore dependent on partnerships with our RP partners and private developers (ordinarily through a section 106 planning obligation) to build the necessary housing that meets the council's needs. It is essential that the council has a robust evidence base and a clear understanding of the types of housing required, as well as the most suitable locations for new developments. Additionally, it must take a proactive approach in forecasting future housing needs to better plan for upcoming developments.
12. Across Herefordshire as a whole, the evidence indicates the total need for 597 affordable homes per year with 422 homes per annum for rented affordable housing and 175 per annum

for affordable home ownership products.

Total Affordable Housing Need by HMA (p.a.) – Housing Market Area Needs Assessment 2021

	Rented	%	AHO	%	Total
Hereford HMA	196	71%	79	29%	275
Leominster HMA	55	73%	20	27%	75
Ross HMA	75	68%	35	32%	110
Ledbury HMA	40	70%	17	30%	57
Bromyard HMA	22	73%	8	27%	30
Kington HMA	22	76%	7	24%	29
Golden Valley HMA	13	59%	9	41%	22
Herefordshire	422	72%	175	28%	597

13. There are 1,867 applicants live on Home Point.

BED SIZE	1 BED	2 BED	3 BED	4 BED	5 BED	TOTAL
	851	593	330	86	7	1867
Hereford	442	320	188	40	4	994
Other Areas	409	273	142	46	3	873

14. In addition there is a need for additional accommodation for children’s services, people with mental health problems, people with learning disabilities, prison leavers etc
15. However, initiating a new housing development is a lengthy process, often involving multiple stages, including:
- Site identification and removal of land constraints
 - Funding identification
 - Pre-application advice
 - Outline or full planning permission
 - Reserved matters
 - Start on site
 - Practical completion and delivery of units, the annual average number of units delivered in the county is 675.
16. Moreover, the council receives grant funding from the Ministry for Housing Communities and Local Government for specific projects aimed at purchasing units from the open market. It also

works with and support private landlords and charities, while focusing on bringing vacant properties back into use.

17. From April 2019 to March 2024, Strategic Housing helped facilitate the provision of 1,447 affordable homes, further categorized into:
 - a. Hereford City and Market Towns: 1,227 units
 - b. Rural Areas: 248 units
18. These homes were delivered through a variety of channels, including:
 - a. Section 106 agreements – where private developers build housing and make this available as affordable housing
 - b. Sites built or acquired and then entirely managed by RPs offering 100% affordable housing
 - c. Direct property acquisitions by the council
19. Additionally, the council has brought 149 previously vacant properties back into habitable use via advice services and assistance.
20. The council has a dedicated Empty Properties Officer who contacts vacant property owners, to work with them to bring the properties back into use.
21. An additional 1,475 affordable housing units over the next three years are in the pipeline. This includes all developments where negotiations for affordable housing have reached the stage of either having secured planning permission or having submitted a planning application.
22. Notable housing projects include:
 - a. Veterans Self-Build in Leominster, providing 20 homes, including 9 for veterans.
 - b. Conversion of council properties into apartments for the homeless.
 - c. Purchase of 12 one-bedroom units for dispersed homelessness accommodation with funding to purchase a further nine.
 - d. The purchase of a chalet for a Traveller family with a terminally ill family member.
 - e. The purchase and refurbishment of a property to provide 4 self-contained apartments and a crisis pad for children services.
 - f. A new extension and refurbishment of the homeless night shelter including siting of 2 pods.
 - g. Long term leases with private landlords for temporary accommodation.
 - h. Innovative Luston and Little Tarrington wetlands projects generating phosphate credits to unlock housing development in the north of the county.

23. As can be seen from the demand data in paragraph 11, the demand for Affordable and Social housing outstrips supply. The delivery of additional stock is slow to react and complicated due to the nature of the supply chain, its funding arrangements, and the councils limited ability to control the delivery of the supply of accommodation. Whilst the above schemes show how the council is working with partners and being innovative in seeking solutions, there is still a widening gap between demand and supply.
24. These demands have informed our strategic vision for housing both in our response to the challenge but future provision:
 - a. There is a delivery programme of additional accommodation;
 - b. single framework for suppliers of temporary accommodation and B&B;
 - c. there is also a strong emphasis on prevention and contacting people at risk from homelessness early;
 - d. A multi-agency approach is being developed, including a member of the national Making Every Adult Matter (MEAM) network;
 - e. a trauma-informed approach is being developed in order to work with the client group and;
 - f. developing a pool of experts by experience to help support our strategic direction.
25. The council works in partnership with a wide range of RPs, in terms of defining local needs, supporting local people, and influencing investment in new accommodation. However, the council has no oversight of or direct responsibility for RPs.
26. The following processes to purchase temporary accommodation were considered and discounted:
 - a. Mini competitions would add an administrative burden and would not be quick enough to respond to the emergency nature of the service.
 - b. Dynamic Purchasing Systems were considered, but were deemed to be too labour intensive for the Temporary Accommodation Team to administer on top of their existing duties.
27. An open invitation will be sent to all RPs to determine their interest in the provision of housing for temporary accommodation. In recent years, attempts to make arrangements with other RPs have not worked. There is no legal requirement to procure housing from RPs for temporary accommodation, as there is no direct cost for this service.
28. Similarly, Strategic Housing are constantly working to secure new private landlords to reduce the costs of B&B or hotels usage. Some landlords expressed concern about the 'paperwork' involved – but the Temporary Accommodation Team and Commercial Services Team are able to help with the process – which is once per four years with an annual refresh of policies and licenses.

29. The framework is reviewable once per annum. It is able to be re-opened at this time for new suppliers, or at our discretion as required to admit new suppliers. All households placed in temporary accommodation (including B&B or hotel) have a named case officer who works with them to develop a Personal Housing Plan, register for Home Point and bid to secure a permanent tenancy.
30. To reduce reliance on costly temporary accommodation and better fulfil statutory obligations, the council requires access to accommodation where we have the direct control to place people in need. This will enable us to meet our statutory functions, deliver accommodation to the most vulnerable and reduce the spend on temporary accommodation in the private sector.
31. Government legislation around energy efficiency, is also having an adverse impact on the numbers of new affordable homes coming forward, as Housing Associations have to divert resources to bring existing stock up to standard to meet the regulations. The recent National Planning Policy Framework reforms and mandatory housing targets is likely to have a knock on effect, whilst the increased numbers of new homes will provide opportunities for additional affordable homes through Section 106 contributions, the speed and scale of delivery required will put pressure on the supply chain, which is already struggling and thus prices will rise. This is likely to be set against a backdrop of reducing house prices caused by the increase in supply, which may see developers 'sit' on planning approvals to maintain their operating margins. Delivering housing numbers at this pace and scale will also require significant infrastructure investment, which may deflect government funding from other non S106 programmes of affordable housing delivery.

Community impact

32. As this report is for information only, it contains no assessment of community impact. However any recommendation made by the committee, if agreed by Cabinet or a portfolio holder, may have an impact on the support offered to children and young people leaving the care of the council. In this case, Cabinet or a portfolio holder will have to consider these potential impacts when deciding whether to accept the recommendation.

Environmental Impact

33. As this report is for information only, it contains no assessment of environmental impact. However any recommendation made by the committee, if agreed by Cabinet or a portfolio holder, may create an environmental impact. In this case, Cabinet or a portfolio holder will have to consider these potential impacts when deciding whether to accept the recommendation.

Equality duty

34. In producing this report, officers have been mindful of their duties under the Equality Act 2010. The report and appendices are written in plain English and laid out clearly to maximise readability.

35. Although the report itself only provides information, it may result in recommendations to Cabinet or a portfolio holder for action. In agreeing those recommendations, Cabinet or the portfolio holder will need to consider the impact of those recommendations on the council's equality duties.

Resource implications

36. As this report provides information only, it has no resource implications. However any recommendation made by the committee, if agreed by Cabinet or a portfolio holder, may create a resource implication. In this case, Cabinet or a portfolio holder will have to consider that resource implication when deciding whether to accept the recommendation.

Risk management

37. As this report is for information only, it contains no risk assessment. However, any recommendation made by the committee, if agreed by Cabinet or a portfolio holder, may create a resource implication. In this case, Cabinet or a portfolio holder will have to consider that resource implication when deciding whether to accept the recommendation.

Consultees

38. No consultations were carried out in the process of producing this report.

Appendices

None.

Background papers

None identified.

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	John Coleman	Date 08/10/2024
Finance	Judith Tranmer	Date 08/10/2024
Legal	Sean O'Connor	Date 07/10/2024
Communications	Luenne Featherstone	Date 07/10/2024
Equality Duty	Harriet Yellin	Date 07/10/2024
Procurement	Carrie Christopher	Date 08/10/2024

Risk	Jessica Karia	Date 09/10/2024
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Approved by	Ross Cook	Date 08/10/2024
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