

Report to: **Overview and Scrutiny Panel**
Date: **21 November 2019**
Title: **Housing Report**
Portfolio Area: **Homes**
Wards Affected: **All Wards**
Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken:
Any recommendations will be considered by the Executive at its meeting on 19 December 2019.

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Recommendations:

That the Panel support the proposals to engage positively and help shape the emerging Housing Strategy and the principle of an interventionist approach in the market.

1 Executive summary

- 1.1 Housing affordability is a key issue in South Hams, with the ratio of house price to average earnings being a ratio of 13.
- 1.2 The district council has a number of statutory roles that influence housing outcomes as set out in section 2.
- 1.3 Housing need is recorded as rising by 10% in the last year and there are 693 people on the housing register in bands A-D.
- 1.4 The report sets out the statutory and discretionary roles the Council has to address this issue.

2 Background

- 2.1 Housing is an important national, regional and local issue. It is often cited at national level as there being a "housing crisis".

What is this “crisis” and what role does the District Council have in it?

- 2.2 The cost of housing is generally agreed to be the most significant factor affecting home ownership, something that a succession of governments and government policy have been trying to make more achievable.
- 2.3 In South Hams, it is particularly acute with average salaries of £28,184¹ in 2019 and average house prices at £357,121² (2017 data). This makes the average house cost about 13 times the average salary. Rented accommodation is also affected as rental levels are often higher than Local Housing Allowance Rates.
- 2.4 In some parts of the district, such as the coastal towns it is far worse and in Salcombe where the average house cost £664,632, that ratio is 24.
- 2.5 The cost of housing has a direct impact on the demographics of our district and the sustainability of our communities. It hits the lowerest paid and most vulnerable parts of our society hardest, increasing the divide between those who have and those who have not.
- 2.6 Those who are in need of housing support and wish to rent or buy an “affordable home” are able to register with Devon Home Choice where they are given a band A-E, depending on their circumstances, with E being defined as no housing need.
- 2.7 In the last financial year, there were 693³ people registered in bands A – D, and a further 758 in band E, in South Hams alone.
- 2.8 The government defines affordable housing as 'social rented, affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market'.
- 2.9 It is recognised that 80% market (rent or purchase) which meets the strict criteria of affordable housing under NPPF definition is not affordable in many of the high value parts of South Hams (see Appendix A). We should strive to deliver genuinely affordable rents (at a minimum LHA rents i.e. £6,362 / yr for a 2 bed, but aspiring to provide social rent where circumstances permit) and Discount Market sale housing of 65% market value

¹ <https://www.devon.gov.uk/factsandfigures/data-table/?postId=average-earnings&geography=464>

² Land Registry. © Crown copyright. Published under the Open Government Licence.

³ https://www.devonhomechoice.com/sites/default/files/DHC/dhc_monitoring_report_apr_19.pdf

- 2.10 In 2018, there were 551 new homes delivered in total, of which about 75 were “affordable”, which is about 10% of the actual need in bands A-D.
- 2.11 Coincidentally, the housing need increased by 10% between 2018 and 2019, from 629 to 693.
- 2.12 At the same time, levels of fuel poverty in the District are above the national average⁴ affecting occupants of existing housing stock.
- 2.13 Landscape sensitivity (particularly within the AONB) requires the right compromise between perseveration of these sensitive areas but also recognising that to maintain the vitality of many of these communities will necessitate the provision of genuinely affordable housing (across a mix of tenures) for local people. Thus the application of exception planning policy to deliver such housing need is an important part of the housing strategy and needs to be balanced against the perseveration of important landscapes.

What are we currently doing about this?

- 2.14 As a District authority we have a statutory responsibility to:
 - 2.14.1 Allocate housing in our area and are the responsible housing authority for meeting housing need in South Hams, including Dartmoor National Park (in accordance with Part 6 of The Housing Act 1996).
 - 2.14.2 Provide emergency accommodation for rough sleepers in times of severe weather.
 - 2.14.3 Provide advice and assistance and prevent homelessness wherever possible in accordance with the Part 7 of The 1996 Housing Act as amended and the Homeless Reduction Act 2017.
 - 2.14.4 Work with landlords to improve standards of rented accommodation where the standard is inadequate.
 - 2.14.5 Reduce fuel poverty by working with energy suppliers and installers to attract grant funding into the area so that we can offer heavily discounted supply and installation of heating and insulation measures to existing properties.
- 2.15 As a planning authority we are required to have an upto date local plan (the JLP), which must accord with all national legislation.
- 2.16 The JLP is where policies affecting the % of houses in a given scheme that are affordable housing are set and how the quality (in the broadest sense) of all housing is assured.

1.1

4

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/808300/Fuel_poverty_factsheet_2019_2017_data .pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/808300/Fuel_poverty_factsheet_2019_2017_data.pdf)

- 2.17 Beyond these functions, it is entirely discretionary and therefore down to the elected members as to how active and engaged a district council is in the housing market.
- 2.18 This Council has a history of engaging with the market to try and improve affordable housing outcomes, above and beyond its statutory duty. It has done this in a number of ways:
 - 2.18.1 By granting top up funding through capital programme and S106 off site financial contributions to schemes with positive outcomes, reference Appendix B.
 - 2.18.2 Starting a community housing programme which has four planning permissions (34 units) providing 25 affordable homes. Also a further two schemes (22 units) are advanced in planning. These five projects are scheduled to be built out during 2020.
 - 2.18.3 High quality design and environmental standards are being deployed (striving towards Passive House and hence low running costs and whole life value).
 - 2.18.4 These houses will be for sale at a large discount to market and for rent at the Local Housing Allowance rate. Reference Appendix C for delivery programme.
- 2.19 The limit to the amount of impact the Council can have on reducing housing need is set through the housing strategy and commercial strategy. Intervention in the housing market cost money in skills, gap funding, construction and land purchase.
- 2.20 The adopted commercial strategy gives scope for investment and borrowing to support housing and we have the skills needed to deliver housing and make a positive change.
- 2.21 A housing strategy that will sit alongside and be interlinked with the commercial strategy will come to members for consideration in 2020. This will set out in full the aims and ambitions of this Council and will require engagement and input from the members if it is to be successful.
- 2.22 A full member consultation timetable will be published in early 2020 to inform and shape the strategy.

3 Outcomes/outputs

- 3.1 Officers are currently working up a draft Housing Strategy for Members to shape in 2020. It will set out an "interventionalist" approach to the housing market, as it is clear from the figures in section 2, that if we are serious about addressing housing need, we can not leave it to the market to address.
- 3.2 The strategy will be underpinned by the commercial strategy as it will be predicated on borrowing from the PWLB and if successful, lead to the steady growth of housing stock controlled via the Council.

4 Options available and consideration of risk

- 4.1 Should the Council not take a proactive and interventionist approach to the housing market, it is likely that housing need will not materially reduce.
- 4.2 The risks around addressing the housing need will be set out when members have helped shape the final housing strategy, but it is likely to carry more direct financial risk.

5. Proposed Way Forward

- 5.1 That Members engage positively and help shape the emerging Housing Strategy and support the principle of an interventionist approach in the market.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		N/A
Financial implications to include reference to value for money		N/A
Risk		Nothing at this stage
Supporting Corporate Strategy		Homes
Climate Change - Carbon / Biodiversity Impact		To be reconciled as part of the Housing Strategy
Comprehensive Impact Assessment Implications		
Equality and Diversity		N/A
Safeguarding		N/A
Community Safety, Crime and Disorder		N/A
Health, Safety and Wellbeing		N/A
Other implications		N/A

Supporting Information

Appendices:

Appendix A – National Planning Policy Framework – Definition of Affordable Homes

Appendix B – Affordable Housing Outputs

Appendix C – Community Housing Work Programme