

Report to: **Executive**

Date: **1 December 2022**

Title: **Housing Crisis Update – Summary report of actions**

Portfolio Area: **Homes – Cllr Judy Pearce**

Wards Affected: **all**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken:

Author: **Isabel Blake** Role: **Head of Housing**

Contact: **01822 813551 /email: Isabel.blake@swdevon.gov.uk**

RECOMMENDATION:

That the Executive:

- 1. Notes the progress against the Housing Crisis Declaration**
- 2. Approves the recommendation for the allocation of Section 106 funding for affordable housing at St Anns Chapel**

1. Executive Summary

Housing Crisis

- 1.1 South Hams District Council declared a housing crisis in September 2021. Alongside this declaration were 12 specific points where the Council wished to take direct action. This report seeks to inform members of the progress to date.
- 1.2 Since the declaration of the crisis, the Head of Housing has prepared a report for every Executive meeting on various housing topics and action taken to address the parts of the housing crisis, that we as a council can influence. This has ranged from development, direct delivery, the Housing & Homeless Strategies, and energy efficiency. There have been new policies to consider the best use of existing stock and investment in accommodation for the Housing First scheme.

- 1.3 The declaration of the Housing Crisis has now been embedded into the Housing Strategy Better Homes, Better Lives which will shortly be refreshed for its year 3 action plan.
- 1.4 Whilst seeking to address the issue locally, the size and significance of the Housing Crisis has appeared to grow, and new challenges arise. The war in Ukraine and Homes for Ukraine scheme, the Cost-of-living crisis and the global increase in cost of materials and labour have all impacted on our ability to tackle the crisis and this will continue.

Section 106 Contribution Allocation

- 1.5 This report also recommends approval of a Section 106 offsite affordable housing contribution of £181,875.58, received in July for a development in St Anns Chapel to be allocated towards the Council's own affordable housing development in the same parish. This not only will ensure that an offsite contribution is spent in the Parish where it was received but also will reduce the amount the Council will need to borrow by this amount. Whilst the scheme is progressing on-time and on-budget, the opportunity to use funding locally using s106 funding, instead of through borrowing, represents best value for the use of public funding.
- 1.6 This proposal is aligned to recommendation 7 below.

2. Housing Crisis Declaration

- 2.1. The Council declared a housing crisis on 23rd September 2021. The motion that was carried included twelve points, set out in full below, alongside actions taken to date.
- 2.2. The actions are wide-ranging, encompassing the need to lobby for legislation change to address structural problems as well as direct actions that the Council can take to address acute problems on the ground.
- 2.3. *"In response to the almost complete lack of any rented accommodation available for six months or longer that local people and those working in the area can access, and the excessive rise in house prices locally due to second homeowners and those moving in from other areas since the pandemic, which has made house prices completely inaccessible for the great majority of local people, South Hams District Council resolves to declare a Housing Crisis. It is fortunate that we have a new Housing 5-year Housing Strategy and Housing Actions in Better Lives for All, but as an expansion of them South Hams District Council should:*

Recommendation 1

- 2.4. The District Council will lobby government, through MPs and the Local Government Association, to allow a Council Tax charge on housing plots with planning permission if they have not been built after a specified period. This would encourage developers to build their sites without delay.

Actions:

- 2.4.1. Following the meeting of the Executive on 14th October 2021, the Leader of the Council wrote to the then Secretary of State for Levelling Up, Housing & Communities.
- 2.4.2. A response was received on 28th February 2022 (**Appendix 1**) which stated that there were no plans to change Council Tax legislation which is based on a "dwelling" capable of occupation. This would lead to practical challenges for the Valuation Office Agency (VOA) in determining a council tax banding.
- 2.4.3 The Council has recently responded to a consultation from the Department for Digital, Culture, Media and Sport both individually and as part of Team Devon. (**Appendix 2** South Hams Response). As part of its response, the Council recommended a licensing scheme with physical checks, an extension of the Deregulation Act 2015 (maximum of 90 days per year) in high areas of second homes and holiday lets, a separate planning use class and the consideration of a sustainable tourist tax as so many countries around the world have introduced at no detriment to their tourist economy.

Recommendation 2

- 2.5. The Council should also immediately review all holiday letting in the district to ensure that the owners are paying the correct amount for the removal of waste and recycling. Businesses should not be on the normal domestic recycling and waste collection.

Actions:

- 2.5.1. From April the qualification for small business rate relief has changed. Not only will the property be required to be available for at least 140 days a year, evidence will need to be provided to prove it was let for 70 days. Currently there is no requirement to provide evidence and these changes are designed to target those who take advantage of the system to avoid paying their fair share towards local services. The Valuation Office has written to these properties to ask for this evidence to be provided.

- 2.5.2. Officers undertook a sample review of Kingsbridge & Newton & Noss which concluded that generally holiday lets were compliant with both legislation, taxation and waste requirements.
- 2.5.3. The pilot project involved approximately 100 locality man hours corroborating data on the ground at the two locations, the Environmental Health team and Housing team. The total man hours for the pilot were approximately 120. 169 properties were identified across both communities and the pilot scheme proved that the existing data sets and legislative framework around second homes make it challenging to analyse with any certainty.
- 2.5.4. The takeaway action from the pilot study, was to have regular reviews of waste arrangements to ensure that a paid for waste collection service was being used for second homes.
- 2.5.5. Other changes required are legislative and the business rates loophole will be the first indication of how useful these will be.

Recommendation 3

- 2.6. South Hams District Council will also ask the Joint Local Plan project team to review the amounts of affordable housing in the Joint Local Plan (JLP) and see if this can be increased, so that the percentage of "First Homes" on a development is in addition to the existing requirement for 30% affordable housing.

Actions:

- 2.6.1. The JLP is currently scheduled to be reviewed by 2024, and any review process will require new affordable housing evidence to support our proposed strategy for delivering affordable housing. This may include setting different AH thresholds for each policy area or increasing the threshold for developments of certain sizes and/or types.
- 2.6.2. Work to identify housing need that will feed into that process is ongoing through the appointment of Katie West This data set will be essential to any policy justification through the JLP adoption process.

Recommendation 4

- 2.7. The District Council already runs a letting agency to encourage landlords to make properties available for local families in need. There should be further promotion of this and regular landlord forums to encourage more properties to become available.

Actions:

- 2.7.1. A bespoke website has been developed to promote the SeaMoor Homes services. Work has commenced on the exploration of the preferred methods of landlord engagement with most respondents requesting an online or digital mode of communication rather than a forum in person. In recognition of this a blog has been implemented to provide support to landlords requiring advice on their legal responsibilities. Consultation with currently engaged landlords is being carried out to establish the preferred content and delivery methods of an online forum event for landlords.

Recommendation 5

- 2.8. The District Council works closely with registered providers on many housing projects across the district; they will now be working with them to ensure the best use of those properties, such as to encourage tenants to downsize where possible and make larger properties available for larger households.

Actions:

- 2.9. Working in cooperation with registered providers in our area communications have been sent to over 697 registered provider tenants; promoting the downsizing incentive scheme.
 - 2.9.1. Agreement has been sought and reached with the Devon Home Choice partnership for more flexible approach toward allocations of larger properties, allowing over occupation in cases where the wellbeing of a large family can be improved.

Recommendation 6

- 2.10. In addition to this, the District Council is proposing to use some of the affordable housing revenue to increase payments made to those tenants downsizing to make the move more attractable and affordable.

Actions:

- 2.10.1. In October 2021 Members agreed changes to the Tenants Incentive Scheme for downsizers which increased the size of the incentive payment up to a maximum of £5,000. This has had a real impact with 15 households have taken advantage of this with a further 4 accepted and awaiting a tenancy start date. People living in accommodation too large for their needs have downsized and their existing home made available to a family waiting on Devon Home Choice or in temporary accommodation.

Recommendation 7

2.11. The Council is committed to using Section 106 affordable housing contributions as soon as possible, to help fund developments anywhere in the District where the terms of the Section 106 agreements will allow.

Actions:

- 2.11.1. Section 106 contributions are regularly monitored to ensure that there is a commitment to spend the funding. The consequence of failing to do so is that the Developer can ask for the contribution to be returned if it is not spent within the time specified in the Section 106 agreement.
- 2.11.2. A Section 106 agreement dated 12th September 2017 for a development at St Anns Chapel (Planning ref: 4097/16/OP) secured an offsite affordable housing contribution of £181,875.58 which was transferred to the Council in July 2022.
- 2.11.3. The Council, in collaboration with the Parish Council is delivering an affordable led scheme in St Anns which is currently progressing on time and to budget.
- 2.11.4. At this time there are no further affordable housing led development sites in Bigbury Parish. The Council is also not aware of any other qualifying schemes within the Parish which will come forward within the required timeframes to allocate the funding.
- 2.11.5. If the money is not spent locally then the Council can spend it on District-wide, affordable-led schemes.
- 2.11.6. It is recommended that the £181,875.58 is allocated to the St Anns Council development. In doing so this would reduce the amount of borrowing on the project by this amount.
- 2.11.7. The project has previously been successful in applying for the allocation of section 106 monies amounting to £162,893 (£97,700.91 from the contribution from the former Old Chapel and £65,193.00 from the contributions from the Hollywell Stores developments).

Recommendation 8

2.12. The Council also wants to campaign for changes to the Broad Market Area, to better reflect the costs of rents in the South Hams.

Actions:

2.12.1. Despite our request for consideration of a review of the local housing allowance and broad market area, there has been no changes from Government on this issue. It is imperative that the Council continues its lobbying efforts to bring about change in this area. In September 2022 there were no 3-bedroom properties in the whole of the South Hams available at the local housing allowance for private rent.

Recommendation 10

2.13. The Council would encourage the development of an exemplar site of low carbon modular housing to show such developments can be both stylish and great to live in.

Actions:

2.13.1. The Council has engaged with a modular housing provider to work up options for two sites in Kingsbridge. That work has been very informative and will be tested from a value for money perspective, against the Expression of Interest process that members have approved and is currently being enacted for the two sites.

Recommendation 11

2.14. The Council also agreed to actively seek opportunities to invest in Council-owned social housing with highly sustainable specification.

Actions:

2.14.1. The Council's own directly delivered affordable housing scheme for a generation is on site and ahead of progress. Completion is due in the Summer of 2023. An Expressions of Interest in building affordable led housing on 2 Council-owned development sites in Kingsbridge is currently out to advert. 2 properties have been purchased with part grant funding from Government for a housing first scheme for rough sleepers.

Recommendation 12

- 2.15. To lobby Government to allow local councils to be able to charge 200% Council Tax on second/holiday homes, as they do in Wales.

Actions:

- 2.15.1. The Levelling up and Regeneration Bill (published May 2022) recognises the impact that high levels of second home ownership can have in some areas and will introduce a new discretionary council tax premium on second homes of up to 100%. It will also allow councils to apply a council tax premium of up to 100% on homes which have been empty for longer than one year (rather than two years as currently). This will encourage more empty homes into productive use, while enabling councils to raise and retain additional revenue to support local services and keep council tax down for residents.
- 2.15.2. On the 8th November Cllr Judy Pearce appeared at a parliamentary select committee to discuss the challenges around short-term lets and the impact that has in South Hams. This appearance was alongside a Councillor from Westminster City Council. Westminster has similar issues and provided a contrast between the city and coastal issues. As the Levelling Up Bill continues on its path through Parliament it will be important to lobby for clarity around the 200% Council Tax premium for second homes.
- 2.15.3.

3. The Proposed Way Forward

- 3.1. It is imperative that the Council continues to lobby Government to bring about legislative changes and continue to take opportunities to champion our causes. It is also important to continue to ask for changes to the broad market area and the local housing allowance – which has had no significant change since 2011. We will also request a further round table discussion as had originally been scheduled with the Secretary of State for DLUHC at the start of summer to inform them of the work of the Devon Task Force and the challenges in relation to housing throughout the County.
- 3.2. Collating evidence for the JLP review in 2024 particularly in relation to affordable housing need will also remain a focus as will delivery on the Housing Strategy, and the Year 3 action plan will be reported to members in the Spring.
- 3.3. Making best use of our existing stock and continuing to promote and deliver green energy and energy efficiency grants and

programmes also must remain a priority, not just to deliver on the Council's climate crisis declaration but also to support our residents with the cost of living and particularly the high price of energy.

- 3.4. The Council must also continue its work with housing delivery on its own sites, such as the 2 sites within Kingsbridge and also to complete the new homes at St Anns Chapel and ensure they are allocated to local people in housing need.

4. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>Sec 106 Funds Allocation</p> <p>S106 agreements are secured under Section 106 of the Town and Country Planning Act 1990 to support projects that mitigate the impact of the development granted by planning permission. The Council has an obligation to spend the funds in accordance with the terms of the agreement. The Affordable Housing Supplementary Planning Document 2020 sets out the policy basis for collection of offsite financial contributions towards affordable housing.</p>
Financial implications to include reference to value for money		<p>Section 106 Funds Allocation</p> <p>The Council's Financial Procedure Rules require that where Section 106 funding over £30,000 is proposed to be allocated, that it needs to be agreed at Executive.</p>
Risk		<p>Section 106 Funds Allocation</p> <p>There is a risk of funds not being spent in accordance with the s106 agreement. To address this, where any s106 funds are passed to community groups to develop and deliver projects, offers of grants will be made with appropriate terms and conditions securing the interest of the Council and ensuring that the requirements of the s106 agreements are adhered to.</p> <p>Some s106 agreements have clauses allowing the developers to be re-paid the money if it is not spent within a certain timeframe. Thus there is a risk of communities losing out if money is not spent within the specific timeframes. Careful monitoring</p>

		by the Council's S106 Monitoring Case Manager, prevents this from happening. There is a risk that the requirements of the Council's Financial Procedure Rules will not be met. All payments will be made in accordance with the Rules and contracting/tendering procedures where relevant.
Supporting Corporate Strategy		Homes
Climate Change - Carbon / Biodiversity Impact		None as a direct implication of this report
Comprehensive Impact Assessment Implications		
Equality and Diversity		None as a direct implication of this report
Safeguarding		None as a direct implication of this report
Community Safety, Crime and Disorder		None as a direct implication of this report
Health, Safety and Wellbeing		None as a direct implication of this report
Other implications		

Supporting Information

Appendices:

Appendix 1 – Letter from RtHon Michael Gove MP – Minister for Department of Levelling Up, Housing & Communities February 2022

Appendix 2 – South Hams formal response to the Government consultation on a licensing scheme for holiday accommodation

Background Papers:

None