Interim Housing Strategy Statement: Progress Report

Recommendation
That the Committee comments on the Interim Housing Strategy Statement progress report and updated action plan prior to consideration by the Executive on 7 November 2013.

Reason(s) for Recommendation:
To ensure that the views of the Committee on our strategic housing priorities and timetable for the new strategy are considered.

1. Purpose of Report

1.1 The report provides an update on progress against the Interim Housing Strategy Statement Action Plan published in March 2011. It proposes a revised timetable for the new housing strategy and puts forward an updated action plan for the interim period.

1.2 The report also provides information on potential future delivery of new build affordable housing, and provides updated guidance on suggested Affordable Rent levels in the borough.

2. Strategic Priorities

2.1 The housing strategy and action plan contribute to our five fundamental themes as outlined below.

2.2 Economy – to grow a sustainable economy that will support all aspects of life in our borough.
Affordable homes ensure that people on lower incomes can live in the borough, which will maintain key services that support the economic well-being of the area, as well as reducing recruitment difficulties for local businesses.

2.3 **Development** – to ensure that there is a range of homes, built sensitively, without damaging our heritage or countryside.

The strategy sets out how we will make evidence-based decisions on the range of affordable homes that are required in the borough, in both urban and rural areas.

2.4 **Sustainability** – to ensure the services we provide and the borough develops and grows, in the most sustainable way.

**Appendix 3** to this report sets out evidence-based guidance for Affordable Rents, including the rent levels we consider acceptable to enable social housing tenants to sustain their tenancies.

2.5 **Society** – to evolve a self-reliant and sustaining community, while supporting our most vulnerable residents.

The targets in the action plan contribute to social cohesion. Failure to meet housing need has consequences in respect of crime and disorder, health, education and employment.

2.6 Our values are set out below.

- We will strive to be the best Council.
- We will deliver quality and value for money services.
- We will help the vulnerable members of our community.
- We will be open and accountable.
- We will deliver improvements and enable change across the borough.

2.7 The Interim Strategy Statement outlines how the Council will help to meet people’s housing needs, and prevent homelessness. It is important to review progress against the strategy and update the action plan to ensure we are targeting resources properly and delivering quality and value for money services.

2.8 The action plan centres on help we can offer the vulnerable members of our community.

2.9 National housing policy has recently been subject to significant change, which affects the way we provide services – for example the direct provision of Council housing. The updated action plan and strategy will set out how we will deliver improvements and enable change across the borough.

3. **Background**

3.1 We published the Interim Housing Strategy Statement in March 2011. We originally intended to replace it within two years when there was clarity about the Local Plan housing number for the borough together with the implementation of various government policy changes. These include Housing Revenue Account (HRA) reform, funding for affordable housing, the introduction of flexible tenancies and welfare reform. There is still not sufficient clarity about some of
the above matters, hence we do not propose publication of a new strategy until 2015.

**Local Plan**

3.2  A key component of a new housing strategy is clarity regarding the amount of new affordable housing that is required as part of the overall housing number for the borough. As part of the evidence base for the Local Plan, we are commissioning a new Strategic Housing Market Assessment (SHMA) that we will complete by April 2014. The new housing strategy will need to take account of the evidence from the SHMA as well as the forthcoming Local Plan consultation. We therefore propose an alternative timetable for the publication of the strategy.

3.3  To fit with the Local Plan timings we expect to be able to consult on a new housing strategy in late 2014 and publish the strategy by January 2015.

**Progress since 2011 and future action**

3.4  We have made effective progress on most of the actions from the 2011 Interim Strategy Statement Action Plan. Over 90 per cent are complete, well under way or ongoing. Given the revised timeframe for the production of the new strategy, we propose to update the existing action plan to reflect our priorities for the next 18 months.

3.5  Our key achievements, challenges and future proposals are outlined below. Our progress on the existing action plan is set out in Appendix 1.

**Delivery of affordable housing**

3.6  We did not meet our affordable housing target of 400 new affordable homes between 2008 and 2012, achieving only 300. This is in line with the national downturn in delivery and several factors contributed to the shortfall including the economic situation, the limited land available, changes in affordable housing finance, fewer Section 106 sites coming forward and delay in making progress on other sites. 39 affordable homes have been completed since April 2012.

3.7  We are in a better position to increase the supply of affordable homes, as we are now able to build directly following the reform of the HRA. We are building new flats and houses and are pursuing other opportunities that will deliver at least 80 new Council homes by March 2016, with a plan to deliver 150 in the longer term. This will include exploring options to buy land or acquire properties on Section 106 sites.

3.8  Achievements since 2011 - Council-owned sites:

- New Road, Gomshall: Planning approval has been granted for 27 homes. Demolition is complete. Tenders are out for contractors, with start on site expected by the end of January 2014.

- Lakeside Close, Ash: Planning approval has been granted for 35 homes. The mobile homes are being removed. Tenders are out for contractors, with start on site expected by the end of January 2014.
- Wyke Avenue: Planning approval has been granted for three homes. Tenders are out for contractors, with start on site expected by the end of January 2014.

- Garage sites: A full assessment of garage sites has been carried out. Potential for up to 20 units identified. Public consultation is complete on the initial five schemes, with planning applications to be submitted by Christmas 2013.

- White Hart Court: A2 Dominion is currently on site. The homes are under construction with completion due by December 2014. The car park is complete and in use.

3.9 We have received planning approval for five Gypsy and Traveller pitches at Ash Bridge and were successful in gaining a grant allocation of £432,000 from the HCA.

3.10 Some key strategic sites in our ownership, including Guildford Park car park and Bright Hill car park, have the potential to deliver more affordable homes and options for these sites are under consideration.

3.11 We estimate that it may be possible to deliver between 400 and 600 affordable homes by 2018. This includes sites currently with planning applications in process and others at early pre planning application consultation. It is hard to predict the number with any certainty, because this is heavily dependent on delivery via Section 106 planning agreements with private developers. Even if planning permission is in place economic factors, financial pressures, political and legislative changes can all affect this process.

3.12 Once the Local Plan is adopted this will identify a five year land supply and a target for overall housing numbers, and we will be in a better position to align our affordable housing requirements and potentially set longer term delivery targets. A summary of development sites is attached as Appendix 2.

**Housing needs surveys**

3.13 We recently completed a borough-wide housing needs survey. The results include information on affordability and support needs. This information will accompany the SHMA\(^1\) as part of the Local Plan evidence base.

3.14 Rural housing needs surveys have been completed for most rural parishes in the borough. Further rural housing surveys are planned for the coming year, and the questions have been adapted also to collect information relevant to neighbourhood plans.

**Rent levels and affordability**

3.15 The introduction of the Affordable Rent model to fund new affordable housing has emerged as a key issue since April 2011. This model requires providers of new build affordable housing to charge rents at 80 per cent of market rents and

\(^1\) Strategic Housing Market Assessment
use the difference between the ‘social rent’ level and ‘Affordable Rent’ to fund future affordable housing development in conjunction with much lower levels of grant.

3.16 In areas like Guildford and other parts of the South East there is growing concern about whether the households on our register are able to afford homes let at Affordable Rents.

3.17 Our Tenancy Strategy, adopted in January 2013, recommended that rents should not be greater than 70 per cent of the market rent or Local Housing Allowance, whichever is the lower. We have updated our calculations and are proposing further guidance on a ‘Guildford Affordable Rent’ for housing developers, attached as Appendix 3.

Empty homes

3.18 The Interim Strategy Statement set out our Empty Homes Strategy, and we have made progress in implementing the associated action plan.

3.19 The number of empty homes reduced from 587 to 439 between October 2011 and October 2012, generating £190,000 in New Homes Bonus in 2013-14. There has however been a rise in the total number of empty homes between October 2012 and October 2013 although this is primarily due to the introduction of new categories, including new build properties and those being renovated and new build properties. This will mean that we will not gain any additional New Homes Bonus in 2014-15.

3.20 We have secured funding of £793,000 from the Homes and Communities Agency (HCA) for the BASE project (Building a Sustainable Environment). This is a partnership comprising five councils including Guildford, and Respond (a partnership of registered providers of affordable housing). The project aims to deliver 41 affordable homes by 31 March 2015 across the partnership, of which 10 may be in Guildford.

3.21 We recently achieved our first successful Empty Dwelling Management (EDMO), which brought back into use a property which had been empty for nearly five years. The house required extensive renovation, costing nearly £80,000, and a family from the Housing Needs Register is now living there.

3.22 The changes to Council Tax rules, reducing the tax-free period for empty homes from April 2013, are having an impact on the number of empty homes and should continue to do so in the longer term.

Housing conditions - private sector

3.23 The Home Improvement policy continues to deliver assistance to adapt, repair and improve private homes. The budget set aside for this purpose in the last two financial years has enabled 130 homes to be adapted, 76 to be made decent and 22 to have solar installations.
3.24 We successfully built upon our experiences in delivering the SHIP Warmth 1000 project to deliver projects targeting efficiency of homes with vulnerable households. The following projects have assisted 180 households:

- **LEAF and Department of Energy and Climate Change (DECC) Fuel Poverty projects to insulate park homes**
  These schemes levered in government funding in addition to Council and householder contributions. The DECC project was carried out in partnership with Hart DC.

- **Department of Health (DoH) Winter Warmth scheme in partnership with Surrey CC and the other Surrey district councils**
  This scheme provided boilers and smaller measures fitted by our handyperson.

3.25 Our enforcement of housing standards in the private rented sector has focused on houses in multiple occupation, with 140 currently being licensed. We will investigate the impact of houses in multiple occupation on our neighbourhoods through the Task Group reporting to this committee in due course.

3.26 In addition to this private sector work, we have negotiated various fully wheelchair-accessible properties under Section 106 and on housing association sites, to a specification agreed with Occupational Therapists. Similarly, regarding energy efficiency, all new homes in the borough are built to Level 3 of the Code for Sustainable Homes, and all Council and RP developments are currently aiming for Code Level 4.

**Council homes**

3.27 Since the reform of the HRA, we have developed a 30-year business plan that sets out the way we will manage our housing and the investment proposed into the future repair and maintenance of council homes.

3.28 We have surveyed some 70 per cent of our stock and have a reliable picture of the overall condition of the stock, together with an investment profile over the next thirty years. Some 5.4 per cent or 272 properties do not meet the decent home standard. We have a higher Guildford standard agreed with tenants, which we are addressing in the HRA business plan.

3.29 Our programme includes work to upgrade kitchens and bathrooms and electrical installations. There is an ongoing focus on measures to increase the energy efficiency of homes and the majority of our properties now have double glazing and more secure external doors within our target date of 2014.

3.30 The HRA Business Plan will detail the action plans for future investment in work to improve our housing conditions in our own housing stock.

3.31 We have not yet made progress on a detailed assessment of the condition of Council shared ownership properties.

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2 Local Energy Assessment Fund
Other social housing tenures

3.32 We have not evaluated the housing condition of Registered Providers\(^3\) (RP) properties, however we are satisfied that our partners are meeting the Decent Homes standard. The Homes and Communities Agency’s regulatory return figures for 2012-13 indicate that over 99 per cent of the housing association stock in the borough meets the Decent Homes Standard\(^4\).

Social and economic wellbeing

3.33 We have introduced a range of measures and initiatives to support those in housing need, our tenants and the more vulnerable groups in our community. This includes promoting financial inclusion, provision of money advice and help in finding work.

3.34 Since 2011, we have provided additional funding to Ash and Guildford Citizens Advice Bureaux for money advice. The Housing Employment Local Partnership [now known as ETHOS (Employment, Training, Housing, Opportunities and Support) has also been set up, offering direct support to tenants and housing applicants in finding work. We have made links with employers, job clubs and agencies offering support.

3.35 We have just adopted a five-year homelessness strategy and action plan that will continue to address these issues in the longer term and replace the homelessness actions in the Interim Housing Strategy Action plan.

4. Financial implications

4.1 The delivery of the Interim Housing Strategy Statement action plans does require ongoing investment by the Council.

4.2 We have provision in the HRA Investment Programme for the existing Council housing development schemes in the pipeline and have recently increased the land and property budget to £10 million. We also plan to take advantage of any appropriate HCA grant-funding opportunities should they arise.

4.3 We have provision within the General Fund Housing Capital programme to meet the objectives set out in the Housing Strategy Interim Statement 2011. The programme:

- ensures ongoing provision of affordable housing in the borough
- raises housing standards in the private sector
- improves the energy efficiency of all residential properties in the borough
- delivers a mandatory and discretionary grant programme.

4.4 Where direct development by the Council is concerned, costs associated with site preparation and feasibility work up to the planning stage fall within the General Fund housing programme. Thereafter costs fall within the HRA.

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\(^3\) Registered Providers of affordable housing which includes the Council and Housing Associations

\(^4\) HCA Statistical Data Return 2012-13

4.5 We have used the General Fund capital programme to assist RPs to deliver Affordable housing, often offering to underwrite any HCA grant funding bids that might be unsuccessful or by topping up grant. Grant funding is now much more difficult to acquire and there are far more constraints on its use. We propose to continue to offer enabling funding to RPs where there is a good business case; for example, to unlock sites that might not otherwise come forward.

4.6 There is an ongoing need to invest in empty homes and there may be opportunities to achieve long-term affordable housing through this route. We propose to consider means of giving additional grant aid or loans (or a combination) to RP’s where this may be possible based upon a strong business case.

4.7 Officers also propose that we take advantage of any future funding opportunities that might arise from the DECC or DoH to complement our objectives to improve housing standards, reduce fuel poverty and carbon emissions.

4.8 We will address any future funding as part of the General Fund Housing Capital programme and HRA Investment Programme from 2014-15.

5. Legal Implications

5.1 There are no legal implications arising from this report.

6. Human Resource Implications

6.1 There are no human resource implications arising from this report.

7. Questions for Scrutiny Committee

7.1 The Committee is invited to consider the following questions and offer any further comments for consideration by the Executive.

- Are you satisfied with the overall progress made on the Interim Housing Strategy Statement action plan?
- Do you consider that there is more we can do to:
  - increase the supply of affordable housing?
  - bring empty homes back into use?
  - improve housing conditions across tenure?
- Do you think the guidance on rents and affordability makes the case for a ‘Guildford Affordable Rent’?
- Are there any issues we have not addressed that you think should be included?
- Any other comments?
8. Conclusion

8.1 It is necessary to update the Interim Housing Strategy Action Plan and to release an update to our guidance on Affordable Rents. We will produce a new housing strategy by 2015 and this will complement the Local Plan and Economic Strategy.

Background Papers

Interim Housing Strategy Statement 2011
Homelessness Strategy 2013 – 2018

Appendices
Appendix 1 Interim Housing Strategy Action Plan
Appendix 2 Development Sites
Appendix 3 Rents and Affordability