



Prosperous Communities
Committee

29 January 2019

Subject: West Lindsey Housing Company

Report by:

Eve Fawcett-Moralee

Contact Officer:

Eve Fawcett-Moralee
Executive Director of Economic and
Commercial Growth
eve.fawcett-moralee@west-lindsey.gov.uk

Purpose / Summary:

To report back on the need and viability of setting up a West Lindsey Housing Company (in response to a motion to Full Council in May 2018).

RECOMMENDATION(S):

1. Members agree that there is insufficient evidence of need and viability to warrant and necessitate setting up a West Lindsey Housing Company at this time.
2. Members authorise officers to investigate the principle of establishing a Social lettings Agency in order to bring back a viable proposal to present to Prosperous Communities Committee in June 2019

IMPLICATIONS

Legal:

None at this time.

Financial : FIN/208/19/TJB

None from this report.

Staffing:

The review of a business case for setting up a West Lindsey housing company is an integral part of the Housing Strategy and Housing and Social Regeneration Programme Board.

Equalities Impact:

There are no impacts specific to this recommendation other than to note that the Housing Strategy and subsequent projects ensures that the Council is required to demonstrate its compliance with the Equality Act 2010 and in particular its' Public Sector Equality Duty (section 149) 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.

The Council is also required to demonstrate how it has complied with its duty under Section 17 of the Crime and Disorder Act 1998. This requires the Council to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent:

- (a) crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment); and
- (b) the misuse of drugs, alcohol and other substances in its area; and
- (c) re-offending in its area.

The Council's ongoing work in Selective licensing and all aspects of housing enforcement and social regeneration addresses the above.

Risk Assessment:

The risk assessment of the business case for setting up a West Lindsey case concluded that there is insufficient evidence of housing need and of development viability to support the Council's direct involvement in housing development.

Climate related Risks and Opportunities:

None at this time.

Title and Location of any Background Papers used in the preparation of this report:

West Lindsey Housing Strategy 2018 - 2022

<https://www.west-lindsey.gov.uk/my-services/housing-and-home-choices/housing-strategies-and-policies/west-lindsey-housing-strategy/>

West Lindsey Housing Assistance Policy 2018-2022

<https://www.west-lindsey.gov.uk/my-services/housing-and-home-choices/west-lindsey-housing-assistance-policy-2018-2022/>

Meeting of Council, Monday, 22nd January 2018 7.00 pm (Item 62.)

[Motions Pursuant to Council Procedure Rule No.docx](#)

Call in and Urgency:

Is the decision one, which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

1.0 Background

Full Council in May 2018 mandated “Officers to investigate and prepare for the establishment of a Local Housing Company and bring forward a paper to the Prosperous Communities Committee prior to the 2019 Annual Meeting of Full Council to:

Make necessary provision of resources to achieve this aim, and to ensure that as part of the refresh of the Corporate Plan consideration is given to supporting the development of affordable housing within the district directly by the Council, with particular reference to the mechanism of a Local Housing Company”.

The motion to Council noted that the first theme of Corporate Plan (Open for Business) seeks to support housing led economic growth to deliver:

- West Lindsey as a place of choice to live
- A sustainable and thriving economy
- Sustainable neighborhoods

- 1.1** In addition, to the second theme (People First) which support meeting local housing needs and aspirations to ensure that residents can live, grow and remain in the District.
- 1.2** The motion surmised that “having handed over the Council Housing stock to ACIS the Council is not in a position to develop the amount of housing needed to meet current and future demand in the district and that with limited appetite from the private sector to deliver affordable homes there may be opportunity for the Council to intervene in the market, whilst not detracting from private enterprises efforts”.

It noted the benefits of developing a Local Housing Company as:

- Socio-Economic
- Council can control the direction of housing provision and tenure; increasing supply and tenure mix, especially affordable homes, with the Council as master developer
- Meet specific housing needs: low income residents, elderly, students, homeless, key workers etc.
- Act as an innovator: trying different development models and tenure mix
- Greater accountability and scrutiny than other housing providers
- Exemption from HCA/government regulations and standards
- Financial
- Generates income for the Council: directly through on-lending, property investment and rental/sales income and through additional New Homes Bonus, Community Infrastructure Levy and additional Council Tax receipts
- Savings to the Council: providing lower cost temporary accommodation and providing cheaper housing maintenance and other services
- Greater borrowing capacity to meet housing needs (escaping HRA debt/borrowing caps)
- Securing additional private investment in housing and regeneration
- Securing better value for Council assets than conventional disposal
- Receptacle for commuted sums from S.106 agreements
- Public procurement advantages
- Place-shaping
- Intervening and influencing local housing markets: to achieve, support and encourage development
- Bring forward development: unimplemented consents and provided scale for local construction/suppliers
- Making best use of Council land: alternative to disposal of site to private developers
- Setting higher standards: the Council as an exemplary private landlord, improving design and eco-homes
- Maximize the benefits to health and wellbeing from good housing provision.

- 1.3** A further concern was that the housing needs of rural communities were not being met. The discussion concluded that the Council look to procure

stock from developers/contractors rather than undertake direct development.

The Executive Director for Commercial and Economic Growth advised that there were two major projects nearing decision, which would further assist the housing agenda. The first being the Development Partnership, which in part, could be a catalyst to accelerate housing supply, in joint venture with the selected partner and Council. It was acknowledged that this would not take the form of a housing company, but rather enable housing delivery in Gainsborough's Housing zone and urban extension. And, secondly the proposal to develop 140 homes at Japan Road through a development agreement with ACIS. Again using the Council's enabling role to deliver housing, 40% of which would be affordable, the rest would be open market sale. This partnership would make use of ACIS's expertise developing social housing and grant allocation from Homes England.

2.0 Position Statement January 2019

A decision to appoint Muse as the Council's development partner was made in March 2018 and the Phase 1 development agreement was engrossed in September 2018. The focus of phase 1 is to deliver a commercial leisure development on the former Guildhall and enhance Whittons Gardens as part of the Council's plans to regenerate Gainsborough town center. This scheme is currently undergoing a viability test.

In addition, work to secure a viable Phase 2 development agreement is underway; this is entirely focused on enabling housing. We are actively pursuing the acquisition and assessing the business cases for the following housing sites and will financially model the benefits of the Council procuring and holding a phase of development on each or either of these sites:

- Riverside Gateway
- Japan Road
- Northern urban extension

2.1 All of these sites will require enabling funds the intention is use the remaining £2m from the Unlocking Housing Grant we have secured from the GLLEP. Further funds will be required for Riverside Gateway, a meeting with Homes England acquisitions team is due to consider this.

Acis were unable to progress with the Japan road development as the lead developer but remain interested in taking affordable housing units. To bring this forward with Muse we need more certainty of forward sales to Acis, and additional sales to be secured, to his end we are in negotiation with Ongo for additional affordable units and some market for sale units and Lace for specialist elderly provision.

The acquisition of the Northern urban extension is dependent on a sale being agreed with the Thonock Estate, if this progresses, we will present heads of terms to Corporate Policy and Resources to be agreed. If successful, the Council will own the whole 54 hectares of land with planning permission for 750 new homes. The phase 2 development agreement with Muse will require them to undertake the required infrastructure works and market sub plots for sale to

housing developer's, possibly developing a phase themselves and, or on the Councils behalf. This is a complex land deal and given the downturn in the national economy and uncertainty over Brexit, officers are cautious about the capacity of the market to attract enough demand to purchase this quantum of housing.

Material to this is the progression of the Southern urban extension with Keepmoat. Which despite a tortuous process in securing the requisite Housing Infrastructure grant for the enabling infrastructure remains positive. Keepmoat will commence the delivery of 415 homes later this year.

Elsewhere in the district, the housing market is delivering well and our Housing Strategy is securing new affordable stock with an emphasis on over 55's. For example, 30% of Lace Housings entire stock is being developed in West Lindsey.

The Council is enabling the development of Southdale in Caistor, with Lace to provide 28 affordable apartments for over 55's and a GP practice on a site which the market has failed to develop.

Our housing market in Market Rasen, and in our northern and southern villages is strong. House prices in West Lindsey have increased more than any other part of Greater Lincolnshire, only outstripped by North Lincolnshire.

3.0 Hemswell Cliff

We have explored the opportunity to bring housing forward at Hemswell Cliff on a site with full planning permission and a site with a housing allocation, unfortunately neither of these sites have attracted interest from a Registered Provider, or a developer due to lack of viability. However, the Food Enterprise Zone is gaining momentum and employers such as ParkAcre continue to expand and require skilled labour force from outside the region, this in time should translate into housing demand.

4.0 Affordable Housing Need

4.1 Following the formation of the CLJSPC housing need for our area is assessed at a Central Lincolnshire level rather than for the individual district. The National Planning Policy Framework (NPPF) requires the Central Lincs Local Plan to define the overall level of growth for the area based on the 'objectively assessed needs' (OAN). The OAN for both market and affordable housing is determined through the preparation of a Strategic Housing Market Assessment. This forms the primary source of evidence of need for affordable housing to be delivered through the planning system. It is acknowledged through the West Lindsey Housing Strategy 2018 – 2022 that in areas where values are low and there is likely to be a tighter viability gap that the affordable housing target will face scrutiny and pressure.

4.2 A new standard methodology for calculating need was introduced by the revised NPPF in 2018. The detail of the methodology has not yet been published and until it is there is a lack of certainty around the figures but as it

will be based on new population projections and for this area, like many areas nationally, the projections are now lower than earlier forecasts it is likely that housing need will reduce. A SHMA is still a requirement for plan making and this would need to be updated when the CLLP is next reviewed or when it is identified as being out of date.

4.3 The challenge for West Lindsey is to deliver additional affordable housing to help mitigate the undersupply through the planning process. Whilst the SHMA identifies numbers of dwellings required for planning purposes the information is not detailed enough to identify specific areas, house types and tenures required. Neither does it take account of the reality of the type, tenure and location of housing required to meet the needs of the people accessing the councils housing services.

4.4 The West Lindsey Home Choice housing register is used as a secondary source of evidence for the delivery of affordable housing. This provides housing needs information at a moment in time and is an indication of the number of households who have identified themselves as being in housing need. The robustness of housing register information can be impacted by the criteria of allocation and lettings policies which would exclude a number of individuals and households who are in housing need but are either not eligible or non qualifying such as behaviour and/or rent arrears.

4.5 The following table shows the number of affordable new homes delivered during the last 5 years through the planning system (s106 agreements). The tenures delivered are affordable rent or shared ownership. The revised NPPF 2018 changed the definition of affordable housing to incorporate other tenures i.e., build to rent, rent to buy, starter homes and discounted sale. Our intention is to continue to enable the delivery of affordable rent and shared ownership until such time that we can evidence a need for alternative tenures.

	2013/14	2014/15	2015/16	2016/17	2017/18
Affordable new homes delivered	17	59	29	50	31

5.0 Private rented sector

5.1 Data gathered from homeless approaches to the West Lindsey Home Choices team demonstrates a high level of tenancy failure with the loss of private rented accommodation being the top cause of homelessness within West Lindsey. Nationally this figure is 24% of all cases of homelessness – in West Lindsey it is 34%. Intervening in the PRS to prevent homelessness is the most used prevention tool by the Council at significant cost to the authority through Discretionary Housing Payments (DHP) and Homelessness Prevention budgets.

5.2 Monies paid to assist people into the private rented sector and prevent homelessness are predominantly to cover rent in advance, deposits and

application fees. A Discretionary Housing Payment (DHP) can be awarded by the Council where someone needs extra help with their rent payments. The table below demonstrates how these costs to the council have increased due to the implementation of the Homelessness Reduction Act enacted in April 2018 and its increased emphasis on homeless prevention.

	Homeless prevention cost	% of prevention budget	DHP	Total cost
2016	£11,568	22%	n/a	£11,568
2017	£9,478	16%	£1,389	£10,867
As at 1/11/2018	£8,738	26%	£6,248	£14,986

- 5.3** Further cost to the authority is incurred through lengthy stays in temporary accommodation due to the unavailability of properties in the PRS in relation to cost, unsuitability of area, size of property required for the household and also through enforcement action within the sector.

Additional activities are being undertaken by the council through the delivery of the Housing Assistance Policy and also by the Private Rented Assistance Scheme – an informal scheme that provides private landlords in Gainsborough with the opportunity to have their properties managed. Since its launch in October 2018 the scheme can demonstrate little success. What it has been able to demonstrate is that the two methods of assessing housing need, as previously described, are unable to provide a comprehensive evidence base upon which we can develop and deliver housing, housing related services and social regeneration.

6.0 Delivery of Housing Strategy through Housing Board

The vision as set out in the West Lindsey Housing Strategy 2018-2022, where ‘everyone has access to good quality housing, which meets their housing need and aspiration, in a pleasing environment which enables a healthy lifestyle’.

The delivery of this vision and the strategy is coordinated through a programme of work via the Housing Programme Board. It aims to deliver projects which link the built environment to the people aspect of the housing sector, building on the strategic objectives within the council’s Corporate Plan. Benefits from this holistic approach will bring about social regeneration, balancing physical, economic and social outcomes which in turn will reduce health inequalities and enhance the wellbeing of our residents whilst tackling the manifestations of poverty and stigmatisation.

Projects considered by the Housing Programme Board will be evidence led and having a comprehensive understanding of housing need, specifically that which is currently masked by the positive work being undertaken in the private rented sector, is a crucial requirement. Throughout the next twelve months

this will be monitored internally through existing sources to augment housing need and provide a bespoke evidence base which will be utilised to identify required interventions.

Concurrently to collating a bespoke evidence base, through the existing governance structure of the Housing Board, the development of a Social Lettings Agency will be considered. The aims of the agency will be to:

- Assist in securing private sector tenancies
- Improve tenant behaviour
- Increase tenancy sustainment
- Improve standards of properties within the PRS
- Reduce requirement for enforcement action
- Remove barriers to access of PRS by landlords

The level of intervention required is yet to be determined and will dependent upon a range of factors including:

- The current local private rented market and the services for which landlords are prepared to pay
- The lack of ability of social landlords to meet housing need
- The lack of affordable, decent accommodation available for those on low incomes
- The council's desire to assist people to find stable, sustainable accommodation to improve health and wellbeing
- Meeting the strategic aims and objectives of the council
- The risks and costs associated with the project when balanced against the benefits
- Resource required to set up a Social Lettings Agency

Further strands of work within the Housing Programme Board will include:

- A continuation of the delivery of housing zone sites in Gainsborough,
- Further work to meet the housing needs of our aging population and vulnerable groups
- Embedding the Place Based Strategies for Hemswell Cliff and the Gainsborough Gateway to deliver social regeneration

7.0 Conclusion

The benefits of a Social Lettings Agency, when implemented alongside the housing teams 'business as usual' will deliver a number of the benefits which match those of a local housing company as noted at paragraph 1.1. Through the coordination of projects and a holistic approach the aim of the Housing Programme Board will be to continue to drive housing growth to meet housing need, improve homes and transform places and to work with partners to support choice, wellbeing and independence. Through this work the council will have clear and robust evidence of the gaps which could be met by a Local Housing Company in the future.

7.1 Recommendations

It is therefore recommended that:

1. Members agree that there is insufficient evidence of need and viability to warrant and necessitate setting up a West Lindsey Housing Company at this time.
2. Members authorise officers to investigate the principle of establishing a Social lettings Agency in order to bring back a viable proposal to present to Prosperous Communities Committee in June 2019