

WAVERLEY BOROUGH COUNCIL

SERVICES OVERVIEW & SCRUTINY COMMITTEE

24 JANUARY 2022

Title:

Affordable Homes Delivery Strategy- to approve strategy for consultation

Portfolio Holder: Cllr Anne-Marie Rosoman
Portfolio Holder for Housing

Head of Service: Andrew Smith
Head of Housing Delivery and Communities

Key decision: Yes

Access: Public / **Exempt / Part Exempt**

1. Purpose and summary

- 1.1 Officers are asking the Services O&S Committee to note the proposals in the draft Affordable Homes Delivery Strategy and supporting evidence studies to be published for public consultation between 27 January and 24 February 2022 and give feedback/ comment.

2. Recommendation

It is recommended that the Services O&S Committee notes the draft Affordable Homes Delivery Strategy and supporting evidence studies to be published for public consultation between 27 January and 24 February 2022 and gives feedback.

3. Reason for the recommendation

To have an Affordable Homes Delivery Strategy which is fit for purpose and sets out our priorities for new affordable homes in the borough.

4. Background

- 4.1 The Council works with a range of partners to maximise opportunities for new affordable housing, both as a provider and enabler of affordable housing. The strategy will encompass our work to build new homes to meet the increasing level of need in Waverley, through our own new build programme and through our close partnership working with other affordable housing providers.
- 4.2 The current Housing Strategy 2018-23 is still active. In 2021 the Executive tasked Officers with developing a new and ambitious strategy, focused on the delivery of new homes by the Council and other affordable housing partners. The new strategy will run for a three-year period from April 2022 to March 2025.

- 4.3 Two studies have been commissioned to provide an evidence base to support the strategy. These studies are now complete and findings were presented to Members at a briefing on 07.12.21:
- (a) The Waverley Housing Affordability Study (Justin Gardner Consulting / Icen) considers affordability for the end user and reveals a stark picture of affordability in Waverley.
 - (b) The First Homes Viability Update (Three Dragons) considers the viability of delivering affordable housing to the developer, taking into account national First Homes requirements and the cap on affordable rents proposed in the draft Affordable Homes Delivery Strategy.
- 4.4 Key themes *Build More – Build Better – Build for Life* have been developed with the Leader, Portfolio Holder and other Executive Members.
- 4.5 The strategy will respond to national and local changes to the affordable housing landscape since the last strategy was written. Locally, this will include the 2020-25 Corporate Strategy, Carbon Neutrality Action Plan and Climate Emergency Action Plan and the evolution of strategic sites such as Dunsfold Park. The strategy will also act on national changes, such as amendments to the National Planning Policy Framework, to affordable housing products including shared ownership and the introduction of new products; primarily First Homes. Consequently, one of the first actions of the strategy will be to update the Affordable Housing Supplementary Planning Document, in order to respond to these changes.
- 4.6 A draft objective of the new strategy is to cap Affordable Rents at 70% for 1 and 2 beds and 65% for 3 and 4 beds, to ensure that they are affordable to working people. The Housing Affordability Study and Viability Update support this approach.

5. Relationship to the Corporate Strategy and Service Plan

- 5.1 The Affordable Homes Delivery Strategy supports the Corporate Strategy 2020-25 strategic priority *good quality housing for all income levels and age groups*, by *“delivering Waverley’s new Housing Strategy to ensure homes are the right homes in the right places and that they are truly affordable for those who need them”*.
- 5.2 The Strategy contributes to Outcome 7 of the Housing Delivery and Communities Service Plan: *Deliver new affordable homes: increase delivery of well designed, well-built affordable housing*.

6. Implications of decision

6.1 Resource (Finance, procurement, staffing, IT)

The consultation will be carried out using existing staff resources and existing IT. Resources required to then achieve the aims of the strategy are listed in the Affordable Homes Delivery Strategy Action Plan. A sum of approximately £500 has been earmarked from the Enabling budget for formatting and designing the strategy, which will meet accessibility guidance.

Head of Finance Peter Vickers highlighted in his comments that we need to ensure numbers are joined up between the proposed rent levels with example(s) of how this will work for managing and maintaining houses to the standards suggested e.g. viability assessments to support these proposals; an indicative purchase/build cost for each type and the long-term financing costs; maintenance and management vs rental income.

For our own council housebuilding programme, costs in respect of financing the procurement of the properties to obtain them through either buying from developers or constructing them should be set out in the strategy or in the HRA Business Plan. Numbers to be demonstrated in a table to show that our goals are deliverable, including a net present value cashflow for each type.

6.2 Risk management

6.2.1. The Affordable Homes Delivery Strategy recommends implementing a reduced affordable rent policy ('Waverley Rent'). This will have an impact on the viability of developments and the tenure mix of homes that can be provided through Waverley's own housing developments, as it will for other affordable housing providers.

6.2.2. Maintaining the current affordable rent levels – i.e. 80% of open market rents, capped at Local Housing Allowance (LHA) – has its own risks. New rented units set at this level do not help working households on low incomes and create a disincentive for tenants currently receiving LHA to seek employment. If all households moving into new build affordable rents at 80% are in receipt of LHA, this makes the new community less of a mix of household types and less sustainable.

6.3 Legal

There are no direct legal implications associated with this report. The Affordable Homes Delivery Strategy will underpin the Council's delivery of its statutory and national policy requirements as an affordable housing provider, together with the other key functions of the Housing Delivery and Communities Service.

6.4 Equality, diversity and inclusion

Delivery of new affordable housing actively promotes equality, reduces economic and social disparities and helps to ensure an adequate standard of living for all, regardless of income or background. We know that women and those from BME groups are more likely to access affordable and social rented housing in Waverley. An Equality Impact Assessment will be completed for the Affordable Homes Delivery Strategy.

6.5 Climate emergency declaration

The Affordable Homes Delivery Strategy commits to developing affordable homes which are both built sustainably and enable residents to live in a more environmentally sustainable way, now and for years to come. Throughout the life of the strategy we will explore new technologies and models of delivery to meet climate change commitments, in line with the Climate Change and Sustainability Supplementary Planning Document.

7. Consultation and engagement

- 7.1 Approval is sought to publish the draft Affordable Homes Delivery Strategy for a public consultation from 27 January to 24 February 2022, seeking views on the draft from a wide range of stakeholders including Town and Parish Councils, affordable housing providers, developers, residents (including those living in, or in need of, affordable housing), local businesses, employers and employees, Council staff, Surrey County Council, Police, Fire and Rescue, Clinical Commissioning Group and other relevant stakeholders.
- 7.2 Developers and affordable housing providers have been engaged in the development of the viability study which has informed the Affordable Homes Delivery Strategy.
- 7.3 The consultation will be publicised through the Council's social media platforms, Yammer, Cascade, consultation pages on our website and publications such as Waverley Homes and People, the Economic Development Team's Business e-newsletter and member bulletin, through the Council's Affordable Housing Provider Forum and circulated with private developers and our Town and Parish Councils. The strategy will be scrutinised at the Services O&S meeting on 24.01.22.

8. Other options considered

- 8.1 Strategic housing functions could continue to be co-ordinated until the end of the 2018-2023 Housing Strategy but this would not reflect current policy and the latest assessment of needs and so a new updated strategy would be preferable.

9. Governance journey

- 9.1 Executive meeting 18.01.22 to approve strategy for public consultation. To present to Services Overview and Scrutiny 24 .01.22. Adoption is currently scheduled for 26.04.22 Full Council.

Background Papers

There are no background papers, as defined by Section 100D(5) of the Local Government Act 1972).

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Agreed and signed off by:

Legal Services: 20.12.2021

Head of Finance: 23.12.2021

Strategic Director: Annie Righton & Management Board 14.12.2021

Portfolio Holder: Cllr Paul Follows signed off 23.12.2021