

WAVERLEY BOROUGH COUNCIL

EXECUTIVE
5 APRIL 2022

FULL COUNCIL
26 APRIL 2022

Title:

Affordable Homes Delivery Strategy-
amendments following consultation

Portfolio Holder: Joint responsibility for delivering this strategy between:
Cllr Nick Palmer
Co-Portfolio Holder for Housing (Delivery)
Cllr Paul Rivers
Co-Portfolio Holder for Housing (Operations)

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

Key decision: Yes

Access: Public

1. Purpose and summary

Officers are seeking Executive recommendation to adopt the Affordable Homes Delivery Strategy

2. Recommendation

It is recommended that the Executive Committee approves the draft Affordable Homes Delivery Strategy 2022-2025 and recommends adoption to Full Council

3. Reason for the recommendation

To adopt a housing strategy which is fit for purpose and sets out our priorities for new affordable homes in the borough.

4. Background

4.1 Approval to consult on the Affordable Homes Delivery Strategy was secured 18 January 2022. Consultation opened on 27 January 2022 and ran until 24 February 2022. See section 8 below for details of organisations consulted.

4.2 Key issues raised in response to the consultation, which Members may wish to comment on, are listed below:

➤ Social Rent

Affordability and rising cost of living were raised by many respondents. As well as our work to reduce Affordable Rent levels, this highlights the need to prioritise building housing for social rent (the lowest rent of all, for our lowest income households, set at an equivalent to around 55% of market rent). We have amended the strategy to include enabling social rent as an objective.

➤ Affordable Rent Cap

We asked respondents whether they supported the rental caps proposed: 1 and 2 beds capped at 70% of market rent; 3 and 4 beds capped at 65% of market rent (see 5.3). The vast majority of respondents supported bringing in a cap and many felt that we should reduce affordable rents even lower than the specified levels. This comment was made particularly in relation to 1 and 2 beds, due to affordability issues for single people. Working to incorporate social rents when possible will improve affordability for single people. The Housing Strategy and Enabling team will continue to review these concerns as part of our ongoing affordability work.

➤ Older people and people with disabilities

Several responses highlighted the needs of older people and people with disabilities. We have revised the action plan to focus separately on the needs of these groups, and to make specific reference to the need to build affordable housing which is attractive to downsizers. This in turn will free up larger housing for families in need and encourage movement throughout the housing stock to make best use of this scarce resource.

➤ Viability

We have strengthened our stance and the wording around viability as a result of comments received on the consultation. This will need to be reflected in the Affordable Housing Supplementary Planning Document update.

5. Results of Consultation

5.1 Stakeholders rated how much they agreed (or disagreed) with the objectives proposed:

- 67.2% of respondents agreed with the objective to build more
- 69% of respondents agreed with the objective to build better
- 71% of respondents agreed with the objective to build for life

5.2 Stakeholders were asked to rank actions in order of priority, which were prioritised as follows¹

- 1 Building more affordable homes
- 2 Affordability of new homes to residents
- 3 Creating eco-friendly homes
- 4 Improving quality and design
- 5 Creating homes which are flexible for all our stages of life

5.3 Stakeholders were also asked whether a 70% rental cap on one and two bedroom properties and a 65% rental cap on three and four bedroom properties was about right or should be higher or lower.

- 52% of respondents said they thought this should be lower,

¹ 1= Highest

- 42% about right
- 7% said they thought the caps should be higher.

5.4 Proposed changes are summarised in the table below and highlighted in the strategy. (This is to make clear what has changed; highlighting will be removed in the version to go to Full Council.)

| PROPOSED CHANGE TO THE STRATEGY FOLLOWING CONSULTATION | REFERENCE | PAGE |
|--|------------------|-------------|
| Challenging developers on viability strengthened | BM3 | 6, 12 |
| Specific reference has now been made to social rents for lower income households to highlight the Council’s priority for social rents | BB2 | 7, 16 |
| Added Reference to rising energy costs and costs of living added | BFL1 | 8 |
| We would suggest a change to the section which has as its action “To challenge every planning application that makes a viability case to reduce affordable housing”, and add "and/or change the tenure split from the approved and adopted Council policy; amended under BM3 | BM3 | 12 |
| Added action re; ensuring legal agreements securing affordable housing are fit for purpose | BM3 | 13 |
| Specific reference to downsizing added | BB3 | 16 |
| Specific references to older persons housing added | BB3 | 18 |
| Reference to interdepartmental working added, including Housing Needs Team added | BB4 | 21, 22 |
| New action about housing for people with disabilities added | BFL3 | 26 |

6. Relationship to the Corporate Strategy and Service Plan

- 6.1 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”*.
- 6.2 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*.

7. Implications of decision

7.1 Resource (Finance, procurement, staffing, IT)

Resources required to achieve the aims of the strategy are listed in the Affordable Homes Delivery Strategy Action Plan.

7.2 Risk management

The Affordable Homes Delivery Strategy recommends implementing rental caps of 70% on one and two bedroom properties and 65% on three and four beds, which the First Homes Viability Update (Three Dragons) demonstrated to be viable. This could be set out in an update to the Affordable Housing Supplementary Planning Document. However, in the interim officers will need to continue to look at each site on an individual basis and exercise flexibility. Respondents to the consultation ranked quantity (building more homes) higher than affordability (making rents/costs cheaper). Rental caps 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. If Members decide to introduce rental caps, this commits the Council to leading by example on its own sites. To reconsider these rent levels would involve a re-consultation.

7.3 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.

7.4 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 ethnic minority groups are more likely to access affordable and social rented housing in Waverley.

See Equality Impact Assessment attached.

7.5 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, as set out in the 'Build for Life' priority (actions BFL1-4). Throughout the life of the strategy we will explore new technologies and models of delivery to meet climate change commitments. Respondents to the survey ranked creating eco-friendly homes as the third most important action.

8. Consultation and engagement

8.1 Approval to consult on the Affordable Homes Delivery Strategy was secured 18.01.22. Consultation opened on 27 January 2022 and ran until 24 February 2022.

8.2 The consultation was publicised through the Council's social media platforms, Council consultation and Housing Strategy 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 Landlord Services Advisory Board, Homechoice website home page and circulated with private developers and our Town and Parish Councils.

- 8.3 A consultation survey was developed to collect views on the strategy and hosted on Microsoft Forms. The Affordable Homes Delivery Strategy and supporting evidence studies² sat alongside the survey. Hard copies were made available upon request.
- 8.4 Views on the strategy were sought from a wide range of stakeholders including Town and Parish Councils, affordable housing providers, developers, and residents (including those living in, or in need of, affordable housing), local businesses and employers, Council staff, Surrey County Council, Police, Fire and Rescue, Clinical Commissioning Group, Citizens Advice Bureau, Chambers of Commerce, Shelter, Crisis and other relevant stakeholders in the statutory and voluntary sector.
- 8.5 70 responses to the strategy were received: 26 responses from members of the public, 19 from Waverley, Town or Parish Councillors, 4 from community groups, 7 from other affordable housing providers and the remaining from other groups. 10 respondents were living in or waiting for an affordable home from the Council or another affordable housing provider. 71% of respondents said they found the strategy easy to understand.

9. **Other options considered**

- 9.1 The current Housing Strategy 2018-23 is still active. A new strategy could be written to run from 2023 but the 2018-23 strategy does not reflect the current aspirations of the Corporate Strategy nor of our Climate Emergency Declaration.
- 9.2 Maintaining current Affordable Rent levels i.e. 80% 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.

9. **Governance journey**

- 9.1 Executive meeting 05.04.2022 to recommend adoption to Full Council 26.04.2022.

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| Landlord Services Advisory Board (consultation) | Date:10.01.2022 |
| Services O&S (consultation) | Strategy published with agenda on 14.01.22 for 24.01.22 meeting; comments invited by email |
| Executive Briefing | Date: 22.03.2022 |
| Executive (to recommend adoption to Full Council) | Date: 05.04.2022 |
| Full Council (to adopt strategy) | Date: 26.04.2022 |

Background Papers

²The Waverley Housing Affordability Study (Iceni)/ The First Homes Viability Update (Three Dragons)

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: 17.03.22

Head of Finance: 16.03.22

Strategic Director: 08.03.22 Annie Righton & Management Board

Portfolio Holder: 08.03.22 (Cllr Nick Palmer) and 10.03.22 (Cllr Paul Rivers)