

Report to: Performance Scrutiny Committee

Date of Meeting: 29th September 2016

Lead Member/Officer: Lead Member for Modernisation and Housing/
Strategic Planning and Housing Manager

Report Author: Strategic Planning and Housing Manager

Title: Progress on delivering Denbighshire's Housing Strategy:
Theme 2 – Creating a supply of affordable housing

1. What is the report about?

- 1.1 The purpose of the report is to update Scrutiny on the progress made to date in delivering the key outcomes and actions in relation to affordable housing identified in Denbighshire's Housing Strategy. Denbighshire's Housing Strategy was adopted by Council on 1st December 2015.

2. What is the reason for making this report?

- 2.1 This report has been prepared as a result of a request from Performance Scrutiny Committee to review progress on the delivery of the Council's Housing Strategy Theme 2: Creating a supply of affordable housing.

3. What are the Recommendations?

- 3.1 That Committee comment on the report and continue to monitor delivery of the Housing Strategy Action Plan.

4. Report details

- 4.1 Affordable Housing is a key issue for the Council, and forms part of the Council's Housing Priority in the Corporate Plan. The Council's approach to delivering affordable housing was identified as a potential weakness by the Wales Audit Office in the Council's Annual Improvement Report May 2014 with a recommendation that the Council clarify its approach. Following this recommendation the Council took a number of actions to address the issue:

- Restructure – the Council's approach to Housing Strategy and policy has been strengthened by combining strategy and policy development into one service area – Planning and Public Protection;
- Establishment of an Affordable Housing Task and Finish Group – this considered a range of affordable housing issues in depth and agreed a series of recommendations to address the issues raised. These recommendations were considered by Communities Scrutiny Committee on 28th May 2015 and agreed by Cabinet on 30th June 2015. The proposals were subsequently incorporated into Denbighshire's Housing Strategy;

- 4.2 **Denbighshire's Housing Strategy** sets out the Council's vision and aims for housing in the County for the next 5 years. As such it is an important corporate document for the Council and provides the framework for all Council housing related

functions (private & public). In this way the Strategy is the articulation of the Council's "Housing" priority identified in the Corporate Plan. The Strategy is accompanied by an Action Plan which sets out in more detail the responsibilities of the various relevant teams within the Council and how we will work with partners over the next 5 years to help to realise the Council's vision for housing.

- 4.3 The Strategy identifies 5 "Themes" which are priority areas for action to be addressed. Theme 2: Creating a supply of affordable housing addresses the key priority of providing more affordable homes in the County. Research shows there is a clear need for affordable housing, with 50% of residents being unable to afford to purchase a 2 bedroom house on the open market in Denbighshire. Decreasing incomes in the County have been a contributing factor to the slow housing market, and underline the importance of delivering more affordable housing.
- 4.4 Delivery of the Action Plan is overseen by the Housing Strategy Delivery Group, which is chaired by the Lead Member with responsibility for delivering the Housing Strategy, Cllr Barbara Smith. Membership of the Group comprises those Lead Members with responsibility for an area of housing within their portfolios, relevant Heads of Service and the Strategic Planning & Housing Manager.
- 4.5 The Group meets every 2 months and monitors and reviews progress, with input from the various Heads of Service and officers involved with delivering individual actions. Any potential issues in meeting targets are identified at the earliest opportunity. The Group also oversees the allocation of Social Housing Grant (SHG) which is awarded annually by Welsh Government to help bring forward affordable housing development by housing associations and is around £1 million per annum. It is administered locally by the Council.

Progress update: Theme 2: Creating a supply of affordable housing

- 4.6 Detailed progress on delivering the key outcomes and actions identified in the Housing Strategy Action Plan – Theme 2 is set out in Appendix 1. Over the last financial year (2015/16) a total of 57 affordable homes were provided in the County. This included the renovation of 10 empty homes which have been brought back into use as affordable homes; 10 properties leased by the Council to provide homelessness accommodation; 7 'Homebuy' properties (where an equity deposit of between 33-40% is lent to enable applicants to buy their own home – the equity share is repaid when the property is sold on); 24 new build and 6 privately financed by Registered Social Landlords (RSLs). Of the 57 affordable homes provided in 2015/16 45 were delivered by Denbighshire's partner RSLs. So far this financial year we are on target to enable a minimum of 45 affordable homes in the County.
- 4.7 The number of affordable homes delivered varies from year to year, due to potential long lead-in times associated with site acquisition and property development and the development of large schemes, such as extra care housing which may inflate the figure in one year.
- 4.8 Officers are working closely with partner RSLs to ensure that maximum benefits are achieved through SHG funding, that the grant is fully spent and that the schemes funded are meeting the County's needs in terms of location and type of homes provided. Regular meetings are held with the RSLs to discuss progress and resolve any issues or barriers arising.

Council Housing Development Programme

- 4.9 The Council left the Housing Revenue Account (HRA) subsidy system in April 2015. This change has provided the authority with an opportunity to manage its housing stock over the long term and to directly support the delivery of new housing. One of the actions in the Housing Strategy Action Plan involves making use of this new freedom by maximising HRA funding to deliver more affordable housing and establish a development fund within the HRA.
- 4.10 To ensure that the investment being made by the Council in new housing achieves the greatest impact, Locality Plans are currently being prepared which will set out the need for social housing in each part of the county and identify those investments which will make the most effective contribution to meeting these needs. All the plans will be completed over the coming months, but the initial focus has been on developing plans which cover the Denbigh, Rhyl and St Asaph areas. Whilst the Locality Plans are still in preparation, progress is nevertheless already being made towards using HRA funding to deliver more affordable housing.
- 4.11 One of the key outcomes in the Housing Strategy Action Plan is to increase the Council's social housing stock by a minimum of 7 units over the following 12 months. The Council is currently at an advanced stage in the process of acquiring properties which will add 13 additional social housing units to the portfolio by the end of the year and which require a fairly limited amount of renovation to bring them back into use. It is anticipated that all of these properties will be available for occupation by early 2017.
- 4.12 To maintain and accelerate the progress which is already being made, properties which will require a more extensive programme of development have also been acquired, including those which were previously owned by Welsh Government in Queen Street in Rhyl. With financial assistance through the Government's Tackling Poverty Fund, preliminary work will start on these properties later in the year and the first new homes should be ready for occupation in early 2018. In order to meet the needs identified in the Locality Plans, further sites and premises will be acquired, and the Council's own land holdings are being reviewed to identify any opportunities to achieve this either by reclassifying and remodelling existing housing stock or by developing new homes on land already owned by the Council or other public bodies.

What happens next?

- 4.13 An update on the delivery of the Housing Strategy will be provided at Council Briefing in November and further reports on progress will be brought to Scrutiny Committee to enable Scrutiny to periodically monitor the delivery of the Strategy's outcomes. The Housing Strategy Delivery Group will continue to meet on a regular basis to ensure that actions are being progressed and any issues or barriers to delivery are identified and addressed.

5. How does the decision contribute to the Corporate Priorities?

- 5.1 Affordable housing contributes to the following corporate priorities:

- Ensuring access to good quality housing – successful delivery of the Housing Strategy Action Plan will enable improved provision of additional affordable across Denbighshire to meet the County’s needs.
- Vulnerable people are protected and are able to live as independently as possible;
- Developing the local economy – development within the County will contribute towards securing local employment opportunities in the construction sector.

6. What will it cost and how will it affect other services?

- 6.1 Continued successful delivery of the actions identified in the Housing Strategy and accompanying Action Plan will be dependent on a partnership approach within the Council.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision?

- 7.1 An Equality Impact Assessment was undertaken as part of developing the Denbighshire Housing Strategy.

8. What consultations have been carried out with Scrutiny and others?

- 8.1 Communities Scrutiny Committee previously reviewed the recommendations of the Affordable Housing Task & Finish Group. These recommendations have been reflected in the Housing Strategy. The draft Housing Strategy was subsequently reviewed by Communities Scrutiny Committee on 5th November 2015. The Committee expressed overall support for the Strategy and the need to progress delivery of the outcomes. It resolved to recommend that the Council should approve and adopt the Draft Housing Strategy and associated Action Plan and that Scrutiny should periodically monitor the delivery of the Strategy’s outcomes. Council approved the Housing Strategy in December 2015.

9. Chief Finance Officer Statement

Any in-house cost implications arising from the Housing Strategy will need to be considered as future plans develop. However, with this in mind the Council’s current Housing Stock Business Plan includes an assumption that an element of HRA funding will be set aside to help deliver more affordable social housing in the County.

10. What risks are there and is there anything we can do to reduce them?

The delivery of the Housing Strategy, including improving the delivery of affordable housing is a key priority for the Council. Failure to progress the Strategy’s Action Plan would miss the opportunity to provide a clear approach to housing issues in the County and of demonstrating to Wales Audit Office that its concerns over the delivery of affordable housing are being addressed.

11. Power to make the Decision

Local Government Act 2000. The following Housing Acts set out the Council's role with regard to the functioning of the housing market and delivery of a housing

strategy: Housing Act 1985 (S8), Housing Act 2004 (S8), Local Government Act 2003 (S87), Housing (Wales) Act 2014

Section 7 of the Council's Constitution outlines Scrutiny's powers with respect of examining the Council's performance in delivering its policy objectives.