

AGENDA ITEM

REPORT TO CABINET

12 SEPTEMBER 2024

**REPORT OF SENIOR
MANAGEMENT TEAM**

CABINET DECISION

Cabinet Member for Regeneration and Housing – Councillor Nigel Cooke

Accelerating affordable housing delivery ('A quality home for all')

SUMMARY

Government has recently announced an overhaul of the planning system to “fix the foundations and grow the economy”. As part of this announcement Government stated its ambition to increase the delivery of quality affordable and social housing and to bring forward investment to help deliver “*the biggest increase in affordable house building in a generation*”. The need to build affordable housing is recognised not only as an economic driver but a key enabler for local leaders to manage local pressures including tackling and preventing homelessness.

Like many local authorities we are experiencing increased demand for affordable housing (for sale and rent) and these pressures are being felt by multiply service areas (including homelessness, care leavers and vulnerable adults). Against this backdrop and to ensure we are best placed to meet the Governments housing growth agenda, specifically their commitment to increasing and diversifying housing supply an affordable housing delivery option appraisal has commenced. The option appraisal will explore opportunities for how the Council can increase the delivery of affordable housing, both in terms of numbers and speed of delivery. This report provides an overview of this appraisal.

REASONS FOR RECOMMENDATION(S)/DECISION(S)

Both the Councils Vision (as detailed in the Council Plan 2023-2026) and the Powering Our Future programme affirm the Councils commitment to driving economic growth to support community prosperity and well-being. The delivery of good quality, affordable housing in well-connected neighbourhoods will be integral to this. Although the Council is a non-stock holding local authority, the option appraisal will ensure we are best placed to respond positively to any additional investment opportunities, support the Government deliver its affordable and social housing commitments and address the boroughs local housing needs (providing ‘*a quality home for all*’).

RECOMMENDATIONS

Cabinet are asked to:

1. Note the current pressures faced by the Council in terms of addressing our residents housing needs (as detailed in para 1) and the emerging findings of the current Place Select Committee ‘Affordable Housing Delivery’ scrutiny review (as detailed in para 3).
2. Support the option appraisal which will explore the possibilities available to the Council to accelerate affordable housing delivery in the borough and maximise inward investment to address current and projected housing need.

3. Agree that following the conclusion of recommendation 2, a further report be presented back to Cabinet.

DETAIL

Background – current housing demand

1. Affordable Housing as defined by the National Planning Policy Framework and as detailed in the Homes England Fact Sheet: What is affordable housing <https://www.gov.uk/government/publications/new-homes-fact-sheet-9-what-is-affordable-housing/fact-sheet-9-what-is-affordable-housing>, includes **homes for sale and rent and are for people whose needs are not met by the private market**. Affordable homes for rent includes homes let at least 20% below local market rents and those let at a social rent (a rent set through the National Rent Regime in England at around 50% of markets rents). Affordable housing for sale include shared ownership homes, rent to buy dwellings and those delivered through a discount (such as discount for market sale and First Homes). Demand for affordable rented and home-ownership dwellings has risen significantly over recent years and is particularly acute in the rented sector. For example:
 - The number of applications to Tees Valley Homefinder (the boroughs housing register) has increased by 19% from 2022.23 to 2023.24, with a further increase of 20% by the end of Qu. 1 2024.25 (total waiting list of 3103).
 - The number of weekly properties advertised on Tees Valley Homefinder has reduced by 23% during the same period (on average 12 new properties per week were advertised during 2023.24). This can be directly attributed to the reduced turnover of Registered Provider Housing stock.
 - Based on Qu. 1 2024.25 an average of 113 bids are placed on each property advertised.
 - Whilst Registered Providers remain committed to building new homes in the borough (146 were built in 2023.24) the rate of new build is not keeping pace with our growing housing demand.
2. As noted previously the limited availability of affordable properties is having a negative impact on several service areas, impacting our current ability to support homeless individuals/families, support vulnerable adults live independently and secure appropriate accommodation in a timely manner for care leavers. All are placing financial pressures on council services. An assessment of the Councils housing need has evidenced these pressures will continue in both the medium (up to 2027) and long term (up to 2032).

Ongoing Place Select Committee scrutiny review

3. Against the backdrop of the above, Place Select Committee are currently exploring a number of key lines of enquiry exploring the Councils current approach to the delivery of affordable housing and are receiving evidence from council officers, representatives from Registered Housing Providers, private landlords, private house builders and organisations representing the social housing sector such as the Northern Housing Consortium. It is anticipated that Place committee will finalise its review later in the year and report into Cabinet in January 2025. However early findings have reaffirmed the growing demand for social housing (specifically from those in priority housing need) and whilst Registered Providers remain committed to investing in the borough, they do not have the capacity to build at a rate which will address our current or projected demand.

The national agenda

4. The Rt. Hon. Angela Rayner MP (Deputy Prime Minister and Secretary of State for Housing, Communities and Local Government) has recently written to all metro mayors affirming the Governments ambition to build more homes and the role new homes will have in unlocking economic growth. In this correspondence the Deputy PM emphasised the need to diversify housing delivery and reaffirmed a commitment to reverse the decline to affordable and social housing stock. To kick start delivery on a “*scale not seen for a generation*” Government is committed to bring forward details of future investment in social/affordable housing in the next Spending Review.

Affordable housing delivery option appraisal

5. To ensure that the Council is best placed to proactively respond to any emerging funding opportunities it is prudent to explore potential delivery options. As such the option appraisal will explore a range of models and vehicles such as partnerships and direct delivery. Each option will be assessed against pre-determined criteria which will include for example, the ability to deliver at pace, cost and complexity, risk and the ability to deliver a quality housing product.
6. The option appraisal will also explore how affordable housing delivery (for rent and sale) will align/support the Councils regeneration ambitions in Central Stockton & North Thornaby, Billingham and the Tees Valley Health & Care Innovation Zone as boasting the supply of affordable homes is a core element of developing well-connected neighbourhoods where people want to live.
7. In addition a review of all current council assets (including those that will be freed up from the recent relocation into Dunedin House) is ongoing and will feed into this exercise.
8. The option appraisal will involve preliminary market engagement. Once the appraisal is concluded an outline business case setting out a preferred option(s) and resource implications will be presented back to Cabinet (anticipated November/December 2024). This report will also update Cabinet on the asset review noted above.
9. Members are asked to note that the appraisal will be conducted at pace to ensure we are well placed to respond to future spending announcements and that we can deliver a robust pipeline of properties that are truly affordable, meet the boroughs housing need and support health and independence.

COMMUNITY IMPACT IMPLICATIONS

A Community Impact Assessment has not been completed. The ongoing option appraisal will consider the impact of any future proposals on our local communities (of interest and geographic communities) and will be reported back in the next cabinet report.

CORPORATE PARENTING IMPLICATIONS

As noted within the body of the report a limited affordable housing supply is impacting on several service areas including the Councils ability to support care experienced young people into independent living. One of the key drivers of the appraisal is to explore how the council can accelerate affordable rented housing delivery, and this will include accommodation which specifically the needs of those leaving our care.

FINANCIAL IMPLICATIONS

There are no funding implications at this stage. Once the option appraisal is concluded a further report will be presented back to Cabinet, this report will include an outline business case which will detail legal, financial and procurement implications.

LEGAL IMPLICATIONS

As noted above.

RISK ASSESSMENT

The option appraisal detailed in this report is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

WARDS AFFECTED AND CONSULTATION WITH WARD/COUNCILLORS

As noted within the body of this report, Place Select Committee are currently undertaking a scrutiny review of affordable housing delivery.

BACKGROUND PAPERS

None

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