

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview and Scrutiny Committee

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PART I **FOR COMMENT AND CONSIDERATION**

HOUSING STRATEGY – THEME 1: NEW HOUSING SUPPLY

1. Purpose of Report

- 1.1 The purpose of this report is to provide the Overview and Scrutiny Committee with the first in a series of six monthly reports on the progress regarding the implementation of the Housing Strategy Action Plan on a themed basis.
- 1.2 Given the wide range of cross-cutting issues the Housing Strategy addresses, the Overview and Scrutiny Committee requested that the 5 Themes of the Housing Strategy, approved in March 2017, were considered and reported on sequentially.
- 1.3 The 5 Housing Strategy Themes:
- Theme 1: New Housing Supply
 - Theme 2: Private Rented Sector
 - Theme 3: Council Homes
 - Theme 4: Homelessness and Housing Need
 - Theme 5: Special Needs and Vulnerable Groups
- 1.4 This report provides an opportunity for consideration and comment in regard to the various new home delivery targets the council has adopted. These new homes will be delivered through Slough Urban Renewal (SUR), Housing Associations and by the Council itself using its Housing Revenue Account to build new affordable homes.

2. Recommendation(s)/Proposed Action

The Overview and Scrutiny Committee is requested to:

- Note the various housing supply delivery targets which have been set to encourage the supply of new homes of all tenure types in the borough in line with the Council's Manifesto and relevant strategies and plans;

- Consider what comments it would like to make to Cabinet, Planning Committee and the Neighbourhoods & Community Service Scrutiny Panel in delivering new homes in the Borough.

3. **The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**

- Housing is a key priority of the Slough Joint Wellbeing Strategy (SJWS) with our partners' objectives being taken full account of in the production of the Housing Strategy. The strategy is cross linked to the JSNA and the Five Year Plan.
- The Housing Strategy itself presents a clear ambitious way forward to improve housing in the Borough. It sets out priorities which will form the focus of activities and resources over the next 5 years in line with our Five Year Plan and Local Plan by seeking to deliver more and better homes in the borough to improve the health and economic outcomes for our residents.
- Theme 1 of the Housing Strategy focuses on delivering more new homes in the borough and is the foundation of the council's ambitions to deliver specific impacts for residents, which have wider health, economic and educational benefits.

3.1 **Slough Joint Wellbeing Strategy Priorities**

3.1.1 The availability and quality of housing is recognised as a key determinant of health and wellbeing and it is a priority in the new Wellbeing Strategy.

3.1.2 Strategically, the delivery of the Housing Strategy aims to ensure:

- The right supply and mix of new homes including affordable housing is available to meet the needs of all residents in the borough
- That the building of new quality homes is prioritised and opportunities maximised across the council with housing associations and private sector developers
- That land and capital resources are used in the most efficient way
- That a sustainable balance is struck between housing supply, regenerated areas and community infrastructure demands

3.2 **The JSNA**

3.2.1 The Housing Strategy's needs data ranged from specific client group needs and wider determinants of public health gained through consultation and research.

3.2.2 Key objectives identified:

- That specialist accommodation is available for adults and children (if needs cannot be met within ordinary housing solutions)
- That homelessness and rough sleeping is reduced
- That professionally managed and well-maintained homes are delivered including increased controls and regulation of the Private Sector
- That we ensure green and healthy homes wherever possible

3.3 **Five Year Plan Outcomes**

3.3.1 The key driver for the Housing Strategy is to deliver Outcome 4 of the 2017 Five Year Plan; *our residents will have access to good quality homes*. It also helps to deliver and makes contributions to each of the other outcomes:

- 1) Our children and young people will have the best start in life and opportunities to give them positive lives
- 2) Our people will become healthier and will manage their own health, care and support needs
- 3) Slough will be an attractive place where people choose to live, work and visit
- 4) Slough will attract, retain and grow businesses and investment to provide jobs and opportunities for our residents.

4. **Other Implications**

a) Financial

There are potential and significant risks to the sustainability of the Council's HRA Business Plan and its house building ambitions after 5 Years. The size of development programme will have to be balanced against debt repayments, rent reductions imposed by Government, maintaining and investing in the Council's existing housing stock and right to buy losses of homes newly built or traditionally owned.

b) Risk Management

The financial risks to the Council are tightly managed through relevant Boards and Committees. Likewise, the delivery of each of the Five Year Plan Outcomes is tightly managed. However, it is clear that each or any of the above outcomes are dependent on the successful delivery of Outcome 4 and specifically dependent on increasing the supply of new quality homes in Slough on the scale outlined in the report.

c) Human Rights Act and Other Legal Implications

There are no Human Rights implications arising from this report.

d) Equalities Impact Assessment

An Equality Impact Assessment has been undertaken in relation to the production of the Housing Strategy and its implementation plan.

5. **Supporting Information**

5.1 The following section summarises the targets and progress against each of the key actions detailed in the Housing Strategy Action Plan related to Theme 1: New Housing Supply.

Seek to enable the provision of 927 new units of housing per year for Slough in line with the Strategic Housing Market Assessment (SHMA).

5.2 This is one of the big issues facing Slough as the population is growing and it is widely recognised that 20,000 new homes will be required in Slough by 2036. The Council has therefore accepted this analysis of need as presented through the Strategic Housing Market Assessment (SHMA) which equates to an average of

927 new homes each year. This new housing will be delivered primarily through the Planning system. It must be noted however, that the Council's current target is 550 new units a year and 927 represents the Objectively Assessed Need coming from the SHMA.

- 5.3 It is a Government requirement to have a Local Plan that fully addresses housing supply to meet the borough's needs. Given the size and scale of the challenge of meeting the 927 homes per year need with associated infrastructure, the council has put forward a number of challenging options for the Local Plan Review issues and options public consultation including:
- a) Expanding the centre of Slough (upwards and outwards)
 - b) Expanding the Langley Centre (to include land around the railway station)
 - c) Creating a new residential Neighbourhood on the Akzo Nobel and National Grid sites west of the Uxbridge Road
 - d) Regenerating selected areas including the Canal Basin and the New Cippenham Central Strip
 - e) Estate Renewal
 - f) Intensification of the suburbs
 - g) Redeveloping Business Areas for housing
 - h) Releasing land from the Green Belt for housing (edge of Slough)
 - i) Releasing land from the Green Belt for Heathrow related development (Colnbrook and Poyle)
 - j) Expansion of Slough into South Bucks (Garden Suburb), Windsor and Maidenhead (small sites) and building outside of Slough.
- 5.4 Land supply over the next 20 years is the biggest issue facing Slough and the majority of these options will have to be delivered to meet the need. It is acknowledged that whilst achieving the 927 homes figure is ambitious it is still primarily dependent upon land owners/developers bringing forward development sites. Option J is dependent upon adjoining local authorities cooperating with the Council to meet some of the need outside the Borough.
- 5.5 Progress to date has been significant with, for example, the recent purchase of the TVU site with the potential for up to 1500 new homes as part of the Town Centre expansion. The annual Planning target was raised from 315 to 550 new homes each year in 2015. This figure is likely to be exceeded over a 5 year period from 2015. The Council's Leadership Manifesto has a target to start construction of 500 new homes for rent and sale by April 2018 and around 740 have started on site to date.
- 5.6 The Objectively Assessed Need of 927 new homes to be delivered each year is what the Housing Strategy seeks to address. Housing and Planning Officers will be working together to ensure that a schedule exists, detailing a site by site picture, of housing schemes and, in particular, where the affordable housing will be.
- 5.7 The following actions and targets feed into this overall target and Council plans for the borough as outlined in the Local Plan.

The Council will directly deliver or facilitate a programme of 200 units per year of new housing over the life of this Strategy and beyond, including affordable housing.

5.8 The Council through its strategic documents including the Housing Strategy has explained that it wants to adopt an interventionist approach to housing its own residents and not rely solely on the market of private sector developers to deliver the required number of new homes. Recognising the local needs of residents, the Council also wants to maximize affordable housing as part of this commitment.

5.9 The following options of delivering this action and target have been engaged:

- a) Council building of affordable homes
- b) Homes purchased by Council on SUR development sites
- c) New Homes (any tenure) built or acquired by the council's subsidiary housing companies
- d) New Homes (any tenure) purchased by Council local housing company
- e) Homes purchased by the Council on private development sites under Section 106 obligations for affordable housing including both social and intermediate rented properties
- f) Homes (any tenure) built on land disposed of by the Council for residential development (including transfer of land to SUR)
- g) Homes built or purchased (new build on 106 sites) by Housing Associations with Council top-up money.

5.10 Against this target, around 134 new social homes have started on site in the last twelve months as part of the 740 new homes commenced to date which is well in excess of the 500 target by April 2018.

Maximize the provision of affordable housing on Council owned land through infill development and estate renewal, including the net gain of 1,000 units on HRA land over the period 2016 to 2031.

5.11 This target links the Objectively Assessed Need of 927 new homes per year for the next 20 years to the HRA Business Plan. Through an Options Appraisal Project the financial vehicles and sites for specific means of developing new council homes on existing HRA land and estates will be identified over a 15 year period. The target of 1000 new homes has been chosen to address the need for more social housing and to improve and support new investment into the council's own housing stock and estates e.g. better use of old garage sites.

5.12 The following options of delivering this action and target has been engaged:

- a) Options Appraisals project already commissioned via Savills
- b) Infill sites a high priority and already underway
- c) Estates renewal to follow Stock Condition survey report

5.13 This work also informs planning capacity studies and the priority is to build new homes on infill sites given the availability of land supply. Housing also has a good track record with infill sites as Housing's Small Sites Development Programme with SUR aims to deliver 190 new homes over a five year period.

- 5.14 The Options Appraisal will be reporting in December 2017 and is a fundamental look at the future of the Council's housing stock. This will determine regeneration and new development opportunities.

Prioritise available funds and council assets to provide for the delivery of affordable housing schemes in partnership with SUR and Housing Associations.

- 5.15 The council is not in a position to fully fund or deliver all of the new affordable housing it requires over the lifetime of the Housing Strategy or Local Plan. The council itself has to prioritise the wider capital funding it has available and direct it towards affordable housing whilst ensuring that new investment is realised from all partners including SUR and Housing Associations.
- 5.16 The council is also committed to purchasing affordable housing on private development sites under Section 106 agreements, either directly or through Housing Associations or its subsidiary housing companies. Likewise, the Options Appraisal for council housing will also identify investment options, borrowing requirements and new potential funding vehicles with our partners to meet the targets for affordable housing delivery.

Develop a Revised Affordable Housing policy for the Borough.

- 5.17 This is essentially a planning policy which directs all private developers to provide either a community contribution as a cash sum on smaller sites and a specific percentage of affordable housing on site at large developments up to 30% and up to 40% on very large sites.
- 5.18 These Section 106 thresholds have been under review since the introduction of the Housing Strategy in March 2017. The purpose of the review is to ensure that the policy does not prevent developers from maximising the number of units on sites or challenging the council on viability grounds. Either scenario results in fewer affordable homes being provided on each new development. Housing and Planning have worked together on this issue and recommendations have been made to the Planning Committee from April 2017 regarding how these thresholds should be modified to encourage more sites to come forward through the application of a revision of how Slough Core Strategy policy 4 is applied: This proposal will be going back to Planning Committee in September 2017.
- 5.19 Developer contributions and on site delivery is however, only one part of the equation. The other part and even more important to most developers, including SUR is the level of rents that can be charged on new affordable housing developments. This factor is directly linked to the open market value (OMV) of new homes and there is a balance to be struck between rent levels and viability in Developers being able to pay back the development loan agreements over 30 years with current rent levels restricted to council or target rents as at present. For example, in the case of the HRA it is unlikely that the council will be able to pay back the costs of developing each new council home within the 30 Year Business Plan. This means building new council housing at target rents will become unsustainable for the HRA during the next five years.

- 5.20 Housing have therefore proposed a wider range of social and affordable rents termed Slough Affordable Rent and Slough Living Rent, using London council models rather than the government definition of affordable as 80% of market rent. The local figures for Slough means that any such rent will not exceed 70% of market rent. This is well below even the 80% of market standard definition of affordability. We understand that even 80% affordable market rents are unaffordable to many local working households in Slough.
- 5.21 Slough Affordable Rent seeks to address the council's various ambitions. This is to continue building social housing itself, whilst encouraging our development partners including Housing Associations to build more affordable housing units on site, or buy the section 106 housing units from the private developers.
- 5.22 The proposal to introduce a Slough Living Rent also recognises the situation of many of the borough's working residents who cannot afford market rents and do not qualify for the council's Housing Register. The aim of the Slough Living Rent is therefore to offer this large section of the community an opportunity for intermediate-type housing solutions, which they can afford as rent levels have effectively doubled in the last 5 years and Slough Living Rent is linked to actual household incomes.
- 5.23 The adoption of Slough Living Rent in the revised planning policy will stimulate a greater range of house building by our development partners. This will enable the HRA to build more new council homes over a longer period of time as currently planned, once fully approved

Work with private and public sector partners to acquire and assemble sites to facilitate new housing

- 5.24 This work is being led by our colleagues in Asset Management and Planning. Site assembly is a key strategy in delivering more housing in the borough. In practice the key potential development sites have been identified in the local plan consultation and outlined in 6.2.2. These will require a large number of land and property deals to be made with existing land owners and regeneration funding from government. This borrowing will enable assembly of sites to facilitate new housing on the scale that meets the council's ambitions to deliver 927 new homes each year for the next 20 years. Hence the plans for developing new estates in neighbouring boroughs as part of the Local Plan being perhaps the best example of this approach.

Improve partnership arrangements with housing associations to facilitate the delivery of new affordable homes

- 5.25 The Housing Strategy recognises the need to re-engage housing associations as development and investment partners. Over the last 2 months we have re-engaged housing associations who have developed affordable housing in Slough previously and those who wish to do so in the future.
- 5.26 This is an ongoing process with wider economic regeneration objectives being discussed in terms of contributing to the residents of Slough. In terms of feed back what is needed for housing associations to start developing at scale in Slough is to open up sites and implement Slough Living Rent as detailed in 6.6. Housing associations have also requested regular updates on the *Guidance to Developers*

and planning advice in pre applications i.e. provide a list of known sites to active housing associations on a regular basis.

Extend our programme of Council mortgage lending through our existing LAPP scheme

- 5.27 Take up of the scheme has been historically low and it may need better advertising or the interest rates may be unattractive against other rates on the market. The scheme is currently under review.

Produce a plan to improve housing opportunities for key workers.

- 5.28 An outline plan has been produced which includes the review of the Council's Scheme of Allocations. However, the key strand and identified means of delivering new homes for key workers is part of all of the above and specifically linked to the provision of intermediate Housing by our subsidiary housing company James Elliman Homes. This work however, is at an early stage.

Provide new homes for particular groups within the community where required, for example those needing extra care or care leavers.

- 5.29 As for 6.10, in addition, the Housing Strategy commits the Council to producing a cross-cutting Older Persons Housing Strategy in partnership with Adult Social Care and other partners. Work on this will commence shortly but an initial meeting to map the current provision and needs analysis has been set. In the meantime, the Options Appraisal and Community Hub Strategy is looking at the possibility of developing up to 3 new extra care schemes on existing housing sites through remodelling obsolete older persons schemes currently in the housing stock alongside other options.
- 5.30 Care Leavers are already automatically placed in Band B on the Council's Housing Register and are better placed than the majority of applicants. If their needs are straightforward in terms of requiring a one-bedroomed property then they can expect an offer from the Council or housing association relatively quickly as there are a high number of these properties and a high turnover compared to larger properties. One of the critical issues however, is the readiness of care leavers to take on the responsibility of managing a tenancy independently and many such tenancies break down within the first six months. Housing offer tenancy sustainment to help and James Elliman Homes will offer a number of creative housing options around cost effective shared housing and bespoke properties to specifically address the needs of care leavers who are unable to go into an independent tenancy without support, or who want to share with peers to begin with.

Use of Subsidiary Housing Companies to assist in providing homes for vulnerable groups within the community.

- 5.31 This is outlined in the previous section, however an example worth noting is that James Elliman Homes has agreed the purchase of 6 brand new town centre flats and will offer these to key workers (once identified) at Slough Living Rent levels. This will be achieved by February 2018 as the properties are currently in development.

Pro-actively use powers to increase the supply of homes by bringing long-term empty homes back into use.

5.32 The impact of this approach is extremely effective and is certainly demonstrating the Council's intent to put the local resident at the forefront of its activity by addressing the issue of derelict empty properties. From a standing start around 12 empty properties are going through the legal process to bring them back into use and if not, our subsidiary housing companies will look to re-develop the properties or sites made available.

6. Comments of other Committees

6.1 The draft Housing Strategy was discussed by the Council's Overview and Scrutiny Committee on 20th December 2016. The Committee agreed that:

- They should be responsible for scrutinising the Housing Strategy and for formally reviewing progress against its accompanying action plan at six monthly intervals; and that
- The Council's Neighbourhood and Community Services Scrutiny Panel should be responsible for scrutinising all other housing related matters, including performance and operational issues.

6.2 The Council's Cabinet on the 6th April 2017 approved the draft Housing Strategy and associated Action Plan following full public consultation and consideration by the Council's Overview and Scrutiny Committee.

7. Conclusion

7.1 The delivery of each of the Five Year Plan Outcomes and the Council's Manifesto is very dependent on successfully increasing the supply of new quality homes in Slough on the scale outlined in the Local Plan and Housing Strategy. After the first six months of implementing of the Housing Strategy there has been steady progress in speeding up housing delivery and tackling some long standing blockages. New council homes have been delivered on site and long term plans are almost in place with the funding requirements almost identified. The Council has also purchased the TVU site to provide up to 1500 new homes which reflects its long term ambitions.

7.2 Housing associations have been re-engaged and the small site development programme is set to deliver 190 new council homes by 2020. Our subsidiary housing companies have been set up and are acquiring properties to better meet the needs of vulnerable residents who can't accommodate themselves in the market. On a larger scale, The Council's Leadership Manifesto has a target to start construction of 500 new homes for rent and sale by April 2018 and around 740 have started on site to date. This is however, only the start of the programme and this objective will need constant focus and investment on a scale not seen before combined with new means of financing, developing and building new homes for the next 20 years.

8. Appendix

None

9. **Background Papers**

Equalities Impact Assessment – Available on request from author