

WELWYN HATFIELD BOROUGH COUNCIL
OVERVIEW AND SCRUTINY COMMITTEE – 1 NOVEMBER 2021
REPORT OF THE CORPORATE DIRECTOR (HOUSING AND COMMUNITIES)

AFFORDABLE HOUSING 9,000 LEVEL

1. EXECUTIVE SUMMARY

- 1.1 The Overview and Scrutiny Committee requested Officers consider the objective to maintain the council's circa 9,000 stock of affordable housing within the Borough.
- 1.2 This report sets out why the objective was originally set and the policies and strategies underpinning achieving that objective. Furthermore, the report sets out the context in which any review of the objective would take place in.

2 Recommendation(s)

- 2.1 That the Committee note the contents of the report
- 2.2 That the Committee consider any advice and/or suggestion it would wish to make to the council's Cabinet.

3 Explanation

- 3.1 In June 2016 the Cabinet agreed to a Vision Statement and key aims for the Affordable Housing Programme. Furthermore, the Cabinet agreed to a Delivery Plan for the Affordable Housing Programme, covering 2016 to 2021 (Appendix A). This delivery plan set out the proposed delivery methods and funding principles to be agreed. One of the key aims was: "To deliver a proportion of these homes for council ownership in order to sustain the stock of 9000".
- 3.2 Striving to maintain the council's housing stock at 9000 properties was an aim which reflected the council's desire to retain this level of stock, taking account of the annual loss of social rented homes through the statutory Right to Buy scheme.
- 3.3 As Members noted at the time, between 2012 and June 2016, 72 homes had been provided under the Affordable Housing Programme. However, in that same period 301 homes had been sold through the Right to Buy scheme. In 2019 a further review was undertaken, and a refreshed Housing Delivery Strategy was approved (Appendix B) to further improve the council's ability to deliver new affordable housing in the borough. This included delivery of homes via the council's wholly owned Housing Company, Now Housing Limited.
- 3.4 No recent consideration has been given to reduce the council's objective to maintain the 9.000 level set in 2016. This is because all indications point to a shortage of affordable housing in the borough. When the Housing Delivery Strategy (2019-2025) was developed it took into account the Strategic Housing Market Assessment (SHMA), which was updated in May 2017 as part of the evidence base for the development of the Local Plan; and a report commissioned by the Council from Savills to identify affordability as well as demand issues in Welwyn Hatfield. Both indicated a need to increase the supply of affordable

housing in the borough and not a reduction. Further details can be found in the Strategy document (Appendix B). Statistics on the current Housing Needs Register and waiting times found at Appendix C with the Council's Housing Allocation Policy attached at Appendix D.

- 3.5 Since the 2016 Affordable Housing Delivery Plan was adopted 156 affordable homes have been delivered, compared to 280 homes relinquished through the Right to Buy scheme. The council delivers new affordable homes via a number of methods:
- a. Open market purchase (OMP)
 - b. Disposal of council owned brownfield sites to Registered Providers (RPs)
 - c. Direct funding/construction for council ownership
 - d. Windfall opportunities, including achieving additional value on sites that have provision made through the planning system.
- 3.6 Whilst the Council would like to increase the stock of affordable housing, doing so is dependent on the following factors:
- Funding available to invest in new stock
 - More housing becoming available to acquire, either through dedicated developments or through the open market
 - Suitable plots being found for new developments, which can demonstrate viability for social rented accommodation
 - Capacity within the team
 - Impact on current housing demand – for example where a regeneration project requires tenants to be rehoused, this has an immediate impact on affordable housing supply generally.
- 3.7 One of the challenges to increasing affordable housing is funding and competing priorities, including the need for investment in the council's existing housing stock. The council is signed up to the governments Right to Buy Retention Agreement (also referred to by the Government as the "one for one" replacement programme), whereby a proportion of receipts generated from Right to Buy sales can be used to invest in new homes.
- 3.8 Up until earlier this year, the council could only fund 30% of the cost of a new home with useable Right to Buy receipts. However, the government has recently changes this and the council can now use receipts to fund 40% of the development costs, which helps improve viability. The remainder of the costs, if the properties are to be owned and managed by the council, must come from the Housing Revenue Account (HRA).
- 3.9 There is a need to balance the competing priorities of investing HRA funds to increase the number of affordable homes in the borough and the need to ensure sufficient HRA funds are provided to maintain the council's existing stock.
- 3.10 Depending on the funding available, it may be preferable to invest useable Right to Buy receipts in schemes being delivered by Registered Providers, which means

that they fund the balance of the schemes. It is important to continue to work in partnership with Registered Providers, who may have invested in sites locally and or wish to regenerate existing housing stock.

3.11 Through the work of the Affordable Housing team, the Council has a rolling pipeline of 500 new homes being developed. Anonymised information about this pipeline can be found in Appendix E.

3.12 Even with increased investment, increasing the number of affordable housing available in the borough will be dependent on overall housing growth in the area. As Members will be aware, there are difficulties in identifying and agreeing specific land to be used for new housing developments. As well as developments delivering dedicated dwellings for affordable housing, overall housing growth would itself create changes in the market conditions which should release other homes for affordable housing.

4 Financial Implications

4.1 There are no financial implications directly related to the content of this report. However, if the Council decide to review the Housing Delivery Strategy 2019-2025, any changes and revision to those documents are like to have financial implications.

5 Legal Implication(s)

5.1 There are no legal implications directly related to the content of this report.

6 Risk Management Implication(s)

6.1 This report does not have an impact on the council's current risk management.

7 Security & Terrorism Implication(s)

7.1 There are no implications for security and terrorism arising from this report.

8 Procurement Implication(s)

8.1 There are no procurement implications arising from this report.

9 Climate Change Implication(s)

9.1 There are no climate change implications arising from this report.

10 Link to Corporate Priorities

10.1 The content of this report is linked to the council's new corporate priority of 'Quality homes through managed growth'.

11 Communication and Engagement Implication(s)

11.1 There are no Communication and Engagement Implications from this report.

12 Health and Wellbeing

12.1 There are no direct implications for Health and Wellbeing arising from this report.

13 Equality and Diversity

13.1 An Equality Impact Assessment (EIA) has not been carried out in connection with this report as it is for information only and does not propose changes to existing service-related policies.

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Appendix A	Vision Statement and Affordable Housing Programme Delivery Plan (2016-2020)
Appendix B	Housing Delivery Strategy (2019-2025)
Appendix C	Housing Register statistics
Appendix D	Housing Allocation Policy
Appendix E	Affordable Housing Pipeline