

REPORT TITLE: HOUSING DEVELOPMENT STRATEGY 2021 – 2030

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WARD(S): ALL

### PURPOSE

The report updates the Council's Housing Development Strategy for the period 2021-2030. This is a fundamental review of our approach to development of affordable housing putting climate change mitigation central to the development principles, to achieve healthy homes – good for people and for the planet.

The Strategy reflects the Council's aspiration to build 1000 new homes across the district by 2030 with 275 already programmed to complete by December 2023 The main priorities of the strategy are:

- To address the climate emergency by designing new homes to deliver as close to net zero carbon as possible
- To build beautiful, high quality, healthy and affordable homes to meet identified needs, creating housing that people choose to live in and are proud to call home.
- To ensure value for money and bench marked build costs

Additional capital resources have now been added to the Housing Revenue Account budget to fund the delivery of this aspiration - The HRA budget includes an average annual fund of £17.5m a year for the next 10 years for the acquisition and development of new sites and properties. The Strategy covers other key issues that will need to be addressed to ensure delivery is achieved, including securing additional land, addressing the tension between cost and quality, the nitrate neutrality issue and ensuring sufficient resources to manage the programme.

RECOMMENDATIONS:

1. Agree that the Housing Development Strategy 2021-2030 be adopted as the framework for delivering the council's new homes programme.
2. Agree that the Service Lead – New Homes be authorised to make non-material amendments to the Housing Development Strategy from time to time, in consultation with the Cabinet Member for Housing and Asset Management

## IMPLICATIONS:

### 1.1 COUNCIL PLAN OUTCOME

The Council Plan refresh includes the following challenges which are relevant:

The climate emergency and the need to reduce the Winchester district's carbon footprint - the development strategy sets out how we will mitigate the climate emergency by ensuring all new homes are energy efficient and affordable to run, creating healthy homes with low heating demands and resilient to extreme climate events.

1.2 Housing in our district is expensive - the target for the strategy is to build 1000 new affordable homes by 2030, to enable young people and families to remain in the district

1.3 A population which is ageing while younger people leave the district - the strategy addresses the housing needs of the district aiming to deliver a range of housing types, size and tenures in landscape environments that encourage cohesive communities

### 2 FINANCIAL IMPLICATIONS

2.1 The principal target contained within the strategy of building 1000 new homes in the period 2021 – 2030 has been fully costed within the current approved HRA Business Plan based upon a number of assumptions such as mix, cost and external funding that reflects current experience in terms of the net costs of delivering new homes. The amount included in the next ten years to achieve this is £238.5m. In total £500m has been identified within the 30 year Business Plan period to fund new homes delivery.

2.2 The 2021-22 budget for the current costed New Homes establishment is £494k, of which £125k is capitalised to individual projects. The addition of the proposed two new posts would add £87k to the establishment cost and can be funded from the HRA revenue budget.

### 3 LEGAL AND PROCUREMENT IMPLICATIONS

3.1 The legal team have been consulted in the preparation of the Housing Development Strategy. Whilst there is no statutory requirement for a local authority to have a Housing Development Strategy, it is however considered best practice to do so.

3.2 The strategy is a broad framework document which seeks to maximise the provision of additional units that can be provided through resources within the Housing Revenue. As projects come forward the New Homes and Legal teams work closely together which enables timely legal, governance and procurement advice to ensure compliance with the council's governance,

Financial Procedure Rules, Contract Procedure Rules and the Public Contracts Regulations 2015 where applicable.

#### 4 WORKFORCE IMPLICATIONS

- 4.1 The work of the New Homes Team is split between General Fund enabling activities and supporting the direct provision of new council homes (funded directly from the HRA). Approximately 7.2 FTE's support new homes; this staff compliment was established to deliver the previous strategy target of 600 homes over a 10 year period. Additional resource is required to deliver the revised target of 1000 homes. This has initially been identified as an additional Project Manager and Assistant Project Manager.
- 4.2 In addition, resources in the Planning, Natural Environment, Legal and Estates teams are directly funded from the HRA New Homes budget to support programme delivery.
- 4.3 The management of the New Homes team will move from Housing Services to Estates and Asset Management in April 2021. This change reflects the importance of reviewing land holdings and acquiring new sites to support the programme. However, maintaining the very strong and clear link to other housing teams remains crucial to effective delivery of new homes.

#### 5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The majority of the new homes will be held within the Housing Revenue Account; scope exists for a small number of homes to be held by the emerging Winchester Housing Company (which is wholly owned by the City Council).

#### 6 CONSULTATION AND COMMUNICATION

- 6.1 TACT, Tenants Forum and Members had the opportunity to discuss the main priorities of the strategy at Business & Housing Policy Committee in December 2020.
- 6.2 At that meeting, TACT noted the challenges of obtaining zero carbon in the next few years.
- 6.3 Members raised concerns about the emerging proposals for a housing company and it was agreed a further paper would be taken back to the Policy Committee before the company structure is finalised. They also asked for additional detail in relation to housing need and how this is used to inform what is built in the future.
- 6.4 It was also agreed that officers should give consideration to:
- a) methods of reporting items from the scrutiny performance panel on development sites and the new homes plan to this policy committee, or an alternative reporting route, and;

- b) the holding of a member briefing to explore the issues raised by members at the meeting, including those relating to housing need assessments.

## 7 ENVIRONMENTAL CONSIDERATIONS

- a. A significant element of the strategy details how the council's new build programme will address the Climate Emergency declared by the council in June 2019. All new homes will endeavour to meet the net zero carbon objective, be built to the highest efficiency standards and contribute towards healthy living. New projects will use sustainable drainage systems where possible, together with retention and provision of green infrastructure/open spaces. In addition they will include landscape features that improve biodiversity and ecology.

## 8 EQUALITY IMPACT ASSESSMENT

- 8.1 New homes will provide a variety of tenures and size of homes to meet the range of housing needs including homes let at social rents and affordable rents, together with low cost home ownership, primarily shared ownership.
- 8.2 The aim to move towards zero carbon homes will reduce running costs for residents and address fuel poverty. Health and well-being will be improved as homes will be healthier to live in, and set in environments that encourage exercise and reduce social isolation.
- 8.3 All new homes will be built to accessible standards to enable people with reduced mobility, including older people to live comfortably. Some homes for wheelchair users will be provided.
- 8.4 Extra care schemes for older people are included in the future development programme.
- 8.5 In terms of equalities and social implications, the proposals will increase the supply of social and affordable units, which will be of benefit to disadvantaged groups.

## 9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None required.

## 10 RISK MANAGEMENT

- 10.1 The principal risk for the strategy is that the objectives become undeliverable due to national policy or economic changes. Changes in the national rent policy or interest rates could potentially have a significant impact on the ability of the council to deliver 1000 new homes in the time period. All new housing schemes will continue to have an individual risk assessment as part of the project management process.

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<i>Macro economic changes</i>	Size of programme may have to be reduced	Investigate alternative delivery through partner agencies
<i>Community Support</i>	We consult local communities regarding new projects in their area and keep them informed of progress	Associated improvements to the local area can help to garner support for projects
<i>Timescales</i>	Maintain rolling programme of sites by identifying potential land for projects	Review general fund land opportunities
<i>Project capacity</i>	Without adequate project support 1000 home target will not be achieved	Additional support brought in on a scheme by scheme basis
<i>Development costs increase</i>	All new schemes subject to viability testing and long term affordability for the HRA Business Plan. Cost/quality tension	Investigate borrowing at lower interest rates
<i>Changes in procurement regulations</i>	All projects have Legal and Procurement Team input to ensure regulations are met	
<i>Climate Change requirements</i>	New technologies will be constantly evaluated for effectiveness and impact on residents.	By aiming for zero carbon, we also provide healthy homes that are economic to run for residents.
<i>Programme slippage</i>	As a key corporate priority the delivery of new homes will be regularly monitored by ELB and Members	Delivery options reviewed on a regular basis
<i>Other Nitrate neutrality</i>	Consider a range of methods to mitigate nitrates including creation of wetlands, tree planting, reed beds for sewage treatment plants	Opportunities to use council owned land to create nitrate credits

## 11 SUPPORTING INFORMATION:

- 11.1 The council adopted the original Housing Development Strategy in September 2012 following the HRA reforms which gave the opportunity for councils to build homes again. The Housing Development Strategy was reviewed and

refreshed in 2014 and separate elements such as rent setting and viability were reviewed in 2017 and 2020.

- 11.2 Since its inception, the New Homes programme has built over 200 high quality homes across the district, including the “flagship” extra care housing scheme at Chesil Lodge. A further 100 homes are currently under construction. However, it is accepted that to meet the target of delivering 1000 homes over the next 10 years and at the same time delivering on the Council’s “net zero carbon aspirations, a refresh of the Development Strategy is required along with a review of the resources across the Council required to support the delivery of the programme.
- 11.3 The purpose of the Strategy is to provide a clear sense of direction for the new homes programme by establishing a 10 year target for delivery; providing a basis for evaluating new proposals; and setting out the standards that new homes will meet. In providing new homes that meet high quality and sustainability standards, the council will provide a leadership role to volume house builders who continue to build to minimum standards

## 12 Updated Housing Development Strategy

- 12.1 The draft updated strategy is attached as Appendix 1 of the report and is substantially different to the original strategy adopted by the council in 2012. Significant demand for affordable housing remains across the Winchester district, with a range of tenures and size of homes required. However the priorities have changed. The main priorities are set out below.
- a) Target – the revised target is to build 1000 new homes across the district in the period 2021 to 2030.
  - b) All new homes will aim to achieve the net zero carbon objective set out in the Council Plan.
  - c) New homes will be healthier and more affordable to run for tenants, by increasing the focus on quality in construction, closing the performance gap between the design and construction, ensuring high levels of fabric efficiency, low heating requirements and resilience to extreme climate events and overheating.
  - d) New homes will be beautiful and well-built with features to optimise health and wellbeing, including a comfortable temperature throughout the year, sound proofing, good ventilation and air quality and good natural lighting.
  - e) The design of schemes will create a sense of place which in turn helps to foster a sense of community. They will include easily accessible and safe green spaces with foot and cycle paths linking with local networks.
  - f) Increase the emphasis on using Modern Methods of Construction (MMC) for the development of new homes to ensure high quality,

reduce disruption to neighbouring communities and address skills shortages on site.

- 12.2 The council will continue to build a range of accommodation to address the needs of the district's population. This will include a further Extra Care facility for the Winchester City area and a further scheme in the Southern Parishes. A mix of single and family accommodation in a range of tenures is planned to meet identified housing needs.

### 13 Challenges

- 13.1 The strategy highlights the challenges the council will face in delivering the programme. The initial and most pressing challenge will be the identification of suitable development sites. A significant proportion of the new housing developments completed to date have been on council owned sites which provide the most affordable and efficient way of developing new homes. There is however a finite supply of suitable sites and those that remain are increasingly difficult and expensive to develop. Therefore the council will need to buy sites from the market. This is both time consuming and potentially expensive with added risk of uncertainty regarding the timing of the development.
- 13.2 Other challenges include: the tension between cost and quality – building high quality homes which aim to achieve zero carbon increases the build cost; the difficulty and cost of mitigating nitrates; the delays in supplies and skills shortages caused by both COVID19 and Brexit and the potential impact of changes in legislation.
- 13.3 The HRA Business Plan has been reviewed and refreshed and the need to deliver 1000 new homes remodelled to provide the necessary capital funding to deliver the 1000 homes target with a significant resource (£238.5m) available over the next 10 years to accelerate delivery. Included within this sum is a figure of £10m for site acquisition.
- 13.4 The current staffing compliment of the New Homes Team was identified to deliver the previous 600 homes target. Due to the increase in size of the programme and the number of new sites which will need to be evaluated and managed in future, it is recommended to increase the Team by 2 x FTE equivalent posts. Initially there will be a need for an additional Assistant Project Manager (Scale 4) to help with site identification and the associated survey instructions. As more sites are acquired and reach final project approval stage additional Project Management support will be required (but this may be later within the 10 year time period). A proportion of the cost of these posts can be capitalised as part of the scheme development and will be fully funded through the HRA.



#### 14 OTHER OPTIONS CONSIDERED AND REJECTED

- 14.1 An alternative approach to the delivery of new homes was considered whereby homes are bought directly from developers. Whilst in some circumstances this may be appropriate, homes acquired in this way would not contribute towards the net zero carbon targets, will not be of the highest thermal efficiency, may not meet the high quality objectives. They will cost more as they would be bought at market value. This option was rejected
- 15 The Council could decide to not build its own homes and rely on other social landlords to address the need for more affordable housing. However, the removal of the “debt cap” restrictions on the HRA were made specifically to support councils to develop their own delivery programmes, recognising that they are well placed to address the shortfall in homes for social and affordable rent.

#### BACKGROUND DOCUMENTS:-

##### Previous Committee Reports:-

CAB2602 (HSG) - Updated Housing Development Strategy, July 2014

AG0024 - Housing Revenue Account Risk and Viability, March 2020

##### Other Background Documents:-

None

#### APPENDICES:

Appendix 1 - Housing Development Strategy 2021- 2030