

Meeting: Council

Date: 20 September 2018

Wards Affected: All

Report Title: Delivery and implementation of the Housing Strategy

Is the decision a key decision? No

When does the decision need to be implemented? As soon as possible

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1. Proposal and Introduction

- 1.1 On 19 July 2018 the Council received a report with an update and indicative timeline on the delivery of affordable homes in Torbay. The report also set out proposals to transfer Council owned land and buildings at St Kilda's former residential care home, Redwell Lane and Totnes Road to a Council owned subsidiary or wholly owned company at nil value to provide affordable homes and help meet the objectives of the Housing Strategy.
- 1.2 The Chief Executive was instructed to deliver the affordable housing schemes at Redwell Lane, Totnes Road and St Kilda's as a matter of urgency and in such a manner as will lead to a cost effective and rapid delivery of the schemes. However, as the Chief Executive and other senior officers have a role, either within the TDA or the Council's Housing Company, the instruction was delegated to the Assistant Director of Business Services, to avoid any conflict of interest or perception of a conflict of interest.
- 1.3 It was also determined by the Council on 19 July 2018 that a review should be undertaken of the delivery and implementation of the Housing Strategy, including the use of the Housing Company as part of that delivery. The outcome of the review to be presented to Council at its meeting on 20 September 2018. This action was also delegated to the Assistant Director of Business Services.
- 1.4 Torbay's Housing Strategy 2015 ~ 2020 was considered by Council in December 2015 before being finally approved in February 2016. The Housing Strategy

addresses the wide ranging housing responsibilities of the Council including homelessness; housing advice; enforcing housing standards in the private rented sector; meeting the housing needs of people with disabilities or care needs and affordable and market housing delivery through planning policy. The delivery of affordable housing through planning gain (S106) is currently delegated to the TDA. The Housing Strategy therefore straddles a number of departments and the delivery arrangements are fragmented in staffing and organisational terms. The Housing Strategy document provides a focus for cross-departmental collaboration on housing issues with a dedicated 'virtual' strategic housing team meeting regularly as the Housing Delivery Officer Group.

- 1.5 The Council agreed the principle of setting up a new wholly owned housing company in September 2016 with the overarching aim of maximising income back to the Council, as well as supporting the objectives of the Council's Housing Strategy. Subsequently on 24 February 2017, Council agreed to the establishment of three new companies limited by shares: (i) a Holding Company (HoldCo), (ii) a Housing Development Company (DevCo) and (iii) a Housing Rental Company (RentCo).
- 1.6 A new Housing Company Policy Framework document was first considered by Council in June 2017 and a Housing Rental Company Policy Framework document was eventually approved by Council in July 2017. At this time the policy position had changed and rather than having the overarching aim of maximising income back to the Council it was clearly stated in this new Policy Framework document that "***Whilst there is the potential for RentCo to provide revenue income to the Council in the future, this is not the main objective of this policy***". The approved Housing Rental Company Policy Framework states that the principal objective of the RentCo will be to support the objectives of the Council to enable the ambitious and progressive delivery of the Council's housing strategy which may include :-
 - Increasing the number of affordable homes delivered;
 - Increasing standards in the private rented sector;
 - Providing greater flexibility when dealing with housing needs for local people;
 - Increasing the level of adapted accommodation to allow more people with care and support needs to live in specialist housing;
 - Unlocking stalled sites in and around the town centre to assist with regeneration and increase footfall in the areas town centres;
 - Assisting with regenerating areas of deprivation; and
 - Provide a private sector leasing option for private landlords.
- 1.7 Following the Council decision in July 2017 a Housing Committee was formed in October 2017 to have strategic oversight of delivery of the Council's Housing Strategy and the associated commissioning document "My home is My Life" delivery plan. Since October 2017 the Housing Committee has been monitoring the performance of the Housing Strategy and tracking the associated Delivery Plan. A number of decisions have also been made in respect of a long lease of residential

units, the acquisition of temporary accommodation for families and the acquisition of temporary accommodation for vulnerable single adults. The introduction of a Housing Committee has provided a greater focus on the Housing Strategy and has consequently provided an improved corporate awareness of the full range of housing related issues in Torbay.

- 1.8 It can be seen by the points raised above that in recent years there have been a number of 'false starts' in respect of key decisions around the Council's Housing Strategy and the means of delivery of new homes and in particular, affordable housing. The failure to reach an immediate consensus on these matters could be seen as a normal part of the democratic process or an underlying lack of clarity. Given the various changes since 2015 it can be seen that the Housing Strategy is no longer able to articulate what the Council is trying to achieve from such a key policy framework document. An opportunity exists to amend, consolidate and refresh the strategy, setting out the Council's clear vision of what is needed in Torbay in terms of new developments, affordable housing, improved standards, etc. It would also need to address how the outcomes can be delivered, either directly or by enabling partners and/or encouraging the private sector to deliver. Furthermore, any revised Housing Strategy would obviously need to make linkages to the rest of the Council's Policy Framework, both in respect of a prosperous Torbay and a healthy Torbay.
- 1.9 The various 'daughter' strategies/documents referenced in the existing Housing Strategy need to be standalone policies and a decision will need to be made as to who the appropriate decision maker is. In any event these documents would not normally form part of the Council's Policy Framework.

2. Reason for Proposal

- 2.1 Since the approval of the Council's existing Housing Strategy in February 2016 there have been a number of events, both internal and external, that would suggest that now is the time to revisit this important strategy and to create a more focused policy framework document. The following list includes some of the issues that will have had an impact on the strategy and/or make the case for change :-
- The decision to form a Housing Company.
 - The decision to form a Housing Committee.
 - The proposed changes to the National Planning Policy Framework (NPPF).
 - Changes to the governance structure for housing in Torbay Council.
 - Changes to the Housing Strategy Delivery Plan.
 - New legislation – the Homelessness Reduction Act 2017.
 - Establishment changes associated with relevant and key senior officers.
 - Approval of a Housing Rental Company Policy Framework document.
 - The imminent need for a Strategic Housing Land Availability Assessment (SHLAA) and a Strategic Housing Market Assessment (SHMA), as part of the evidence base required for the imminent review of Torbay's Local Plan.
- 2.2 There are currently over 1000 households on the housing register who require affordable housing in Torbay. In recent years the Council has been reliant on planning gain for the delivery of affordable housing. This method is completely

reliant on the private sector build rates and the viability of individual sites and very rarely provides the size and type of accommodation for those with specialist requirements. By transferring Council owned sites to a subsidiary or company wholly owned by Torbay Council, such sites can be used to meet those strategic needs that are not met through housing associations and/or the private sector. The issue for consideration is which Council owned company or subsidiary is best placed to deliver these outcomes.

- 2.3 In the TDA the Council have a wholly owned company with most if not all of the technical knowledge and experience to deliver affordable housing that might not otherwise come forward from Registered Providers. The TDA is already commissioned to manage the Council's land and property estate and has recently provided sound advice that has allowed the Council to acquire a new asset backed investment portfolio. Furthermore the TDA has an established company structure with operational staff and an appropriate regime of governance, with local Directors on the Board. Consequently the TDA may be well placed to seek Registered Provider status and Investment Partner status.
- 2.4 It is possible that the Council could commission the TDA, or a subsidiary of the TDA, to deliver the outputs expected of RentCo, that are set out in the Housing Rental Company Policy Framework document and summarised in paragraph 1.6 above. As a reserved matter the Council can decide if it is desirable to consider amalgamating or merging RentCo with any other company or business undertaking.

3. Recommendation(s) / Proposed Decision

- 3.1 That, the Director of Adults and Housing be instructed to amend, consolidate and refresh Torbay Council's existing Housing Strategy and associated documents so that they align with the Council's current approach to policy framework documents, encompass the changes to the National Planning Policy Framework (NPPF), following a period of development and consultation, the revised Housing Strategy for Torbay to be presented to Council for approval as soon as possible after the local elections in May 2019.
- 3,2 That, the Housing Committee be asked to consider the benefits and/or disadvantages of merging the Housing Rental Company (RentCo) into the TDA, or a subsidiary of the TDA to enable relevant schemes to be delivered at pace, and report back to Council with an appropriate recommendation.

Background Documents

Torbay Local Plan 2012 ~ 2030 (approved December 2015)

Torbay's Housing Strategy 2015 ~ 2020 (approved February 2016)

Torbay's Housing Partnership Delivery Plan - My Home is my Life 2015 ~ 2020

Torbay Homelessness Strategy 2015 ~ 2020 (statutory policy)

Torbay Housing and Health Needs Assessment – November 2016 (Evidence base)

Torbay Council – Self Build/Custom Build Affordable Housing Allocation Policy

Section 1: Background Information

1. What is the proposal / issue?

It was determined by the Council on 19th July 2018 that a review should be undertaken of the delivery and implementation of the Housing Strategy, including the use of the Housing Company as part of that delivery. The outcome of the review to be presented to Council at its meeting on 20th September 2018. This action was subsequently delegated to the Assistant Director of Business Services.

2. What is the current situation?

Torbay's Housing Strategy 2015 ~ 2020 was considered by Council in December 2015 before being finally approved in February 2016.

The Council agreed the principle of setting up a new wholly owned housing company in September 2016 with the overarching aim of maximising income back to the Council, as well as supporting the objectives of the Council's Housing Strategy. Subsequently on 24 February 2017, Council agreed to the establishment of three new companies limited by shares: (i) a Holding Company (HoldCo), (ii) a Housing Development Company (DevCo) and (iii) a Housing Rental Company (RentCo).

A new a Housing Company Policy Framework document was first considered by Council in June 2017 and a Housing Rental Company Policy Framework document was eventually approved by Council in July 2017. At this time the policy position had changed and rather than having the overarching aim of maximising income back to the Council it was clearly stated in this new Policy Framework document that "***Whilst there is the potential for RentCo to provide revenue income to the Council in the future, this is not the main objective of this policy***". The approved Housing Rental Company Policy Framework states that the principal objective of the RentCo will be to support the objectives of the Council to enable the ambitious and progressive delivery of the Council's housing strategy which may include :-

- Increasing the number of affordable homes delivered;
- Increasing standards in the private rented sector;
- Providing greater flexibility when dealing with housing needs for local people;
- Increasing the level of adapted accommodation to allow more people with care and support needs to live in specialist housing;
- Unlocking stalled sites in and around the town centre to assist with regeneration and increase footfall in the areas town centres;

- Assisting with regenerating areas of deprivation; and
- Provide a private sector leasing option for private landlords.

Following the Council decision in July 2017 a Housing Committee was formed in October 2017 to have strategic oversight of delivery of the Council's Housing Strategy and the associated commissioning document "My home is My Life" delivery plan. Since October 2017 the Housing Committee has been monitoring the performance of the Housing Strategy and tracking the associated Delivery Plan. A number of decisions have also been made in respect of a long lease of residential units, the acquisition of temporary accommodation for families and the acquisition of temporary accommodation for vulnerable single adults. The introduction of a Housing Committee has provided a greater focus on the Housing Strategy and has consequently provided an improved corporate awareness of the full range of housing related issues in Torbay.

It can be seen by the points raised above that in recent years there have been a number of 'false starts' in respect of key decisions around the Council's Housing Strategy and the means of delivery of new homes and in particular, affordable housing. The failure to reach an immediate consensus on these matters could be seen as a normal part of the democratic process or an underlying lack of clarity. Given the various changes since 2015 it can be seen that the Housing Strategy is no longer able to clearly articulate what the Council are trying to achieve from such a key policy framework document, notwithstanding that there are aspects of the Housing Strategy that have and are being delivered. An opportunity exists to amend, consolidate and refresh the strategy, setting out the Council's clear vision of what is needed in Torbay in terms of new developments, affordable housing, improved standards, etc. It would also need to address how the outcomes can be delivered, either directly or by enabling partners and/or encouraging the private sector to deliver. Furthermore, any revised Housing Strategy would obviously needs to make linkages to the rest of the Council's Policy Framework, both in respect of a prosperous Torbay and a healthy Torbay.

The various 'daughter' strategies/documents referenced in the existing Housing Strategy need to be standalone policies and a decision will need to be made as to who the appropriate decision maker is. In any event these documents would not normally form part of the Council's Policy Framework.

Application for Investment Partner (IP) status

The Housing Company business plan is predicated on the assumption that the Company will secure a relatively large input of Homes England affordable housing grant. To bid for this grant it will have to apply to become an Investment Partner of Homes England. The application must be done at the same time as bidding for grant through Homes England Investment Management System (IMS). The Housing Company is registered on IMS and poised to make the application and register as an IP, but this requires agreement on the detailed development programme in order to proceed.

Registered Provider status

In order to manage any homes funded through Homes England affordable housing grant the Housing Company, or any other subsidiary of the Council, must become a Registered Provider (RP) of Affordable Housing. This

	<p>requires demonstrating that the Company has the necessary governance arrangements and policies in place to meet the Regulator of Social Housing’s regulatory standards. The Housing Company board has been advised that this will require changes to the governance framework, development of policies on risk and financial management and recruitment of additional board members. The registration process has two stages and scrutiny will focus on the relationship between affordable housing functions and any other market-orientated property development/investment operations. This aspect may mean that for TDA to register as an RP it would need to establish a separate corporate affordable housing delivery vehicle.</p> <p><u>The revised National Planning Policy Framework (NPPF)</u> The new NPPF was published on 24 July 2018. It sets out a range of revisions to the NPPF and implements around 85 of the reforms previously announced through the Housing White Paper, the planning for the right homes in the right places consultation and the draft revised National Planning Policy Framework consultation. Alongside the NPPF a new standardised method for calculating housing need has been introduced and a delivery test will be brought in from November 2018. In future SHMA’s should provide greater detail on the different types of housing required including that for older people.</p> <p>The definition of Affordable Housing (AH) has also been changed to “housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers);” and includes Starter Homes, Discounted Market Sale units with at least 20% discount that are available at such discount to future eligible households and Rent to Buy products.</p> <p>Updated planning practice guidance on viability seeks to ensure any viability information is transparent and land values reflect policy compliant affordable housing requirements. This is intended to front load viability considerations to the place-making stages of any development. The implications for delivery of the Housing Strategy are that delivery of AH through S106 agreements may be more straightforward as there should be less time taken up debating viability; and a broader range of affordable homes can be delivered. However, it will also provide an opportunity for private developers to promote alternative forms of AH through planning gain to enhance site values and it will be essential that the Local Plan provides robust evidence of housing need and specific tenures of AH required.</p>
<p>3.</p>	<p>What options have been considered?</p> <p>To continue with the Council’s existing Housing Strategy without further revision until 2020. This course of action would represent a missed opportunity.</p> <p>There is no statutory requirement for the Council to have a Housing Strategy.</p> <p>To continue with the evolution and development of the Councils Housing Rental Company (RentCo), including the award of Investment Partner and Registered Provider status. This course of action could represent an unnecessary duplication of a pre-existing delivery vehicle i.e. the TDA</p>

4.	<p>How does this proposal support the ambitions, principles and delivery of the Corporate Plan?</p> <p>A prosperous and healthy Torbay</p> <p><u>Principles:</u></p> <ul style="list-style-type: none"> • Using reducing resources to best effect • Integrated and joined up approach <p><u>Targeted actions:</u></p> <ul style="list-style-type: none"> • Protecting all children and giving them the best start in life • Working towards a more prosperous Torbay • Ensuring Torbay remains an attractive and safe place to live and visit • Protecting and supporting vulnerable adults
5.	<p>How does this proposal contribute towards the Council's responsibilities as corporate parents?</p> <p>When considering all matters in relation to affordable housing the Council will take into account how this can assist looked after children to help give them the best start in life.</p>
6.	<p>How does this proposal tackle deprivation?</p> <p>Delivery of the housing strategy will have a positive impact on deprivation through the provision of more affordable housing.</p>
7.	<p>How does this proposal tackle inequalities?</p> <p>Delivery of the housing strategy will have a positive impact on reducing inequalities through provision of affordable housing.</p>
8.	<p>How does the proposal impact on people with learning disabilities?</p> <p>When considering all matters in relation to affordable housing the Council will take into account how this can assist people with learning disabilities.</p>
9.	<p>Who will be affected by this proposal and who do you need to consult with?</p> <p>Consultation will be necessary if a new Housing Strategy is developed. Key partners, members of the public and councillors will be consulted on any revised Housing Strategy.</p>
10.	<p>How will you propose to consult?</p> <p>Formal consultation will take place via the Council's website and through meetings and circulation of papers.</p>

Section 2: Implications and Impact Assessment

7.	<p>What are the financial and legal implications?</p> <p>Any revised strategy would need to be developed in line with the following:</p> <ul style="list-style-type: none">• Proposed changes to the National Planning Policy Framework (NPPF).• New legislation – the Homelessness Reduction Act 2017.• The use of the Housing Rental Company or any other wholly owned company, or subsidiary, as part of the housing delivery solution.• The Strategic Housing Land Availability Assessment (SHLAA) and a Strategic Housing Market Assessment (SHMA), as part of the evidence base required for the review of the Local Plan. <p>The Council will need to assess any financial and resource implications if it decides to merge the Housing Rental Company (RentCo) into the TDA, or a subsidiary of the TDA. Details of this will be included in a future report to Council when it considers this issue.</p>
8.	<p>What are the risks?</p> <p>There is a risk that a delay in reviewing the Housing Strategy will impact on the Council's ability to deliver good quality affordable housing until after May 2019, however, the existing Strategy already provides a framework for delivery of affordable housing and this is currently being progressed through the three sites previously approved by Council and other initiatives being undertaken by the Council to tackle homelessness and address the growing requirement for specialist housing with care.</p>
9.	<p>Public Services (Social Value) Act 2012</p> <p>Not applicable.</p>
10.	<p>What evidence / data / research have you gathered in relation to this proposal?</p> <ul style="list-style-type: none">• Torbay Local Plan 2012 ~ 2030 (approved December 2015)• Torbay's Housing Strategy 2015 ~ 2020 (approved February 2016)• Torbay's Housing Partnership Delivery Plan - My Home is my Life 2015 ~ 2020• Torbay Homelessness Strategy 2015 ~ 2020 (statutory policy)

	<ul style="list-style-type: none"> • Torbay Housing and Health Needs Assessment – November 2016 (Evidence base) • Torbay Council – Self Build/Custom Build Affordable Housing Allocation Policy
11.	<p>What are key findings from the consultation you have carried out?</p> <p>Not applicable at this stage.</p>
12.	<p>Amendments to Proposal / Mitigating Actions</p> <p>Not applicable at this stage.</p>

Equality Impacts

13	Identify the potential positive and negative impacts on specific groups			
		Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
	Older or younger people			There is no differential impact
	People with caring Responsibilities			There is no differential impact
	People with a disability			There is no differential impact
	Women or men			There is no differential impact
	People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>			There is no differential impact
	Religion or belief (including lack of belief)			There is no differential impact
	People who are lesbian, gay or bisexual			There is no differential impact
	People who are transgendered			There is no differential impact
	People who are in a marriage or civil partnership			There is no differential impact
	Women who are pregnant / on maternity leave			There is no differential impact
	Socio-economic impacts (Including impact on child			There is no differential impact

	poverty issues and deprivation)			
	Public Health impacts (How will your proposal impact on the general health of the population of Torbay)			There is no differential impact
14	Cumulative Impacts – Council wide (proposed changes elsewhere which might worsen the impacts identified above)	Not applicable		
15	Cumulative Impacts – Other public services (proposed changes elsewhere which might worsen the impacts identified above)	Not applicable		