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<b>Subject:</b>	<b>AFFORDABLE HOUSING DELIVERY</b>
<b>Meeting and Date:</b>	<b>Cabinet - 7 September 2020</b>
<b>Report of:</b>	<b>Helen Lamb, Head of Finance and Housing</b>
<b>Portfolio Holder:</b>	<b>Councillor Derek Murphy, Portfolio Holder for Housing and Health</b>
<b>Decision Type:</b>	<b>Executive Key Decision</b>
<b>Classification:</b>	<b>Unrestricted</b>

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**Purpose of the report:** To seek approval of an increased programme of affordable housing by Dover District Council, both direct delivery and via Registered Providers and Community Organisations.

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**Recommendation:** That the Strategic Director (Corporate Resources), in consultation with the Portfolio Holder for Housing and Health, be authorised to take all necessary actions to develop and deliver an increased programme of affordable housing by Dover District Council, both direct delivery and via Registered Providers and Community Organisations.

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## 1. Summary

- 1.1 The Council has an aspiration to increase Affordable Housing delivery across the District to support the needs of our residents.
- 1.2 In order for DDC to deliver an increased programme of affordable homes, additional resources, primarily staff capacity, will be required via the creation of an Affordable Housing Delivery Team, and external funding support via Homes England.
- 1.3 This report seeks approval to develop and deliver a programme of enhanced delivery to enable the Council to meet their affordable housing needs and aspirations.

## 2. Introduction and Background

- 2.1 There is an identified need and requirement for affordable housing of all types and sizes across the District.
- 2.2 Members have expressed an aspiration to significantly increase affordable housing delivery both by Registered Providers, but also through the commencement of a programme of construction of new Council Housing in the district. An initial target of 500 Council homes has been proposed.
- 2.3 In order to undertake an increased Council Housing development programme of this size, and provide staff resource to closely work with Developers and Registered Providers to increase their delivery of affordable housing in the District, an expansion of the current Community Housing team will be required to include strategic and development posts.
- 2.4 It is anticipated that in the longer term the development staff costs associated directly with affordable housing development will be self funding. A Development Administration fee added to the costs of each development will be sufficient to cover

these costs and other internal costs – ie – input from other teams such as Planning, Legal, Finance etc. However, in the initial stages there may be a cost implication to the Council's Housing Revenue Account.

- 2.5 Homes England have contacted the Council to invite a Partnership Approach which not only could provide funding for Council Housing but also provide financial support to establish a development team until the point it can become self-funding. Their invitation has been accepted and a meeting is being arranged to progress this.
- 2.6 The construction of new DDC Council Housing will be financed with a combination of loan funding (repaid by rental income), and Homes England grant funding or Right to Buy receipts.

### 3. Delivery of DDC Council Housing

- 3.1 In the current programme there are 61 properties on site (under construction) and 99 properties approved and being progressed to start on site.

These 160 properties in development are contained within 9 different projects, 8 of which are being Project Managed by the Housing Development Manager, and 1 by Property Services.

The proposal is to add to this existing programme to deliver an initial 500 new affordable Council homes.

#### Partnership Working with Homes England

- 3.2 Homes England support is vital for the delivery of the DDC affordable homes programme.
- 3.3 Homes England have offered the Council the opportunity to establish a partnership approach. This will give certainty of delivery of a programme for both Homes England and for Dover DC. The aspirations of both organisations are aligned, in that the delivery of new affordable homes is the primary target. The precise way in which it is envisaged the DDC Council housing programme will be delivered is designed to meet Homes England requirements as a funder, alongside the housing needs in the Dover district.
- 3.4 Homes England also has a wider regeneration role, and partnership working could ensure that within the district stalled sites or unviable brownfield sites which aren't in DDC ownership could be brought forward through a partnership or strategic approach with land owners and developers, supporting the social and economic regeneration in the district alongside the provision of affordable housing. The potential benefits extend beyond purely the provision of numbers of affordable housing units.
- 3.5 The aspiration is to benefit from all the support on offer from Homes England, but in particular for the Council to know there is Homes England capital funding support for the programme, but also financial support to assist in enabling the establishment of the Development team prior to the team becoming self funding.

#### Homes England Capital Funding Programmes

- 3.6 The delivery of the Council's affordable housing programme will depend, in part, on the availability of capital funding from Homes England. This will support borrowing on projects as an alternative to using Retained Right to Buy receipts or the HRA Initiatives Reserve.

- 3.7 Dover DC holds Investment Partner status with Homes England, giving the Council access to capital funding programmes. Three projects at the Council are currently being funded with the support of capital funding from Homes England – William Muge and Snelgrove, Folkestone Rd and Noahs Ark Road.
- 3.8 A new round of the SOAHP (Shared Ownership and Affordable Homes funding) is due to be launched in Spring 2021. During the early stages of the programme, Homes England enter into contracts with Investment Partners who have pipelines in place to provide a certain number of properties with a specified average level of funding. This gives both sides certainty and flexibility. Initial discussions have been held with Homes England in relation to a pipeline of properties being funded through this route. The response has been extremely positive.

#### Support required

3.9 External

A team of specialists is required to progress all affordable housing construction projects - architects, engineers, quantity surveyors, building surveyors, clerk of works etc. At the Council we do not have this resource internally for affordable housing projects so external support from consultants will be required. The costs will be met by each individual project. At early stages of a project, prior to budget approval, the costs will come from the approved budget for start-up costs but will be reimbursed by the project once delivered.

3.10 Internal

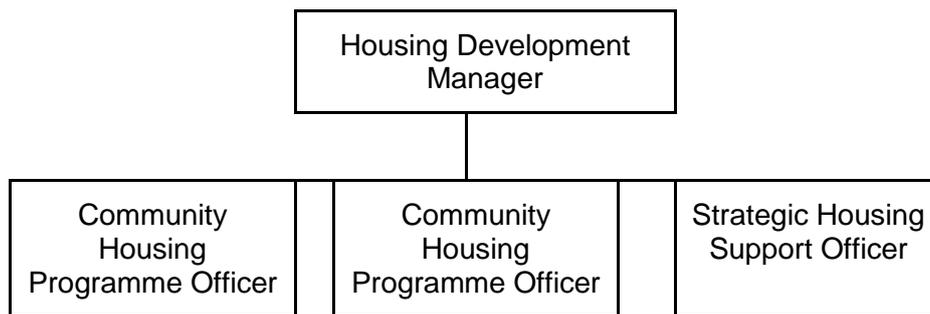
The Affordable Housing Delivery Team will require support from other DDC teams such as Planning, Regeneration, Legal, Finance, Property Services, Housing Options, Community Development, and Low-Cost Home Ownership Marketing and Sales. Costs for this support will be met by recharges to the projects. This will be budgeted at the start of the project, well controlled and appropriate to the level of service provided

#### Proposal for Affordable Housing Delivery Team

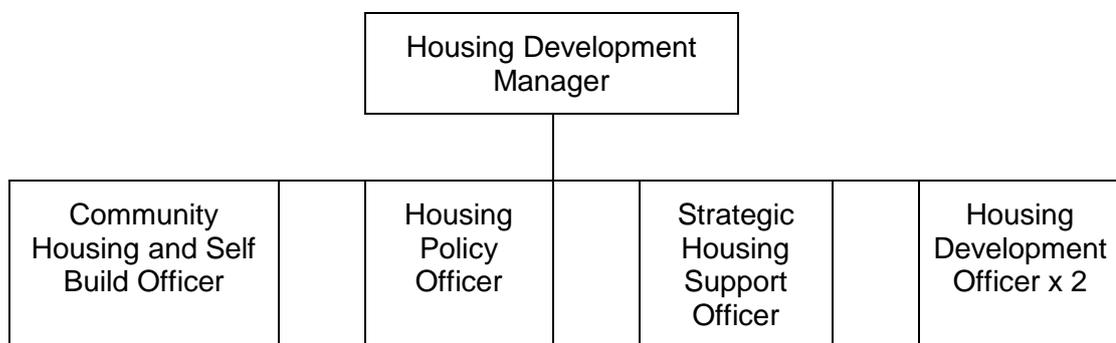
- 3.11 The DDC affordable housing development function is currently contained within the Community Housing Team. The workload in relation to the delivery of affordable housing projects is currently undertaken primarily by the Housing Development Manager.
- 3.12 There is insufficient capacity within the current team structure, or elsewhere within the Council, to meet the aspirations for a significant programme of affordable housing development and the size of the team will need to be increased. The staffing requirements to deliver the programme are a non-executive function of the Council and are beyond the scope of this report. The staffing structure and the appointment of staff will be addressed by the Chief Executive as Head of Paid Service in accordance with the Council's Constitution but an indicative summary of the proposed structure is set out below for information purposes only.

The current team consists of:

- Housing Development Manager (permanent)
- Community Housing Programme Officer x 2 (fixed term to end Sept 2020 and March 2021)
- Strategic Housing Support Officer (permanent)



**Proposed new Affordable Housing Delivery team**



**4. Identification of Options**

- 4.1 Approve the principle of a programme to support the delivery of affordable housing across the Dover district, and in particular to support the delivery of an increased programme of new Council Housing.
- 4.2 Maintain the current level of delivery.

**5. Evaluation of Options**

- 5.1 Option 1: This is the preferred option as it allows us to deliver an increased programme of Affordable Housing, both by the Council and Registered Providers.
- 5.2 Option 2: This option does not increase the programme of Affordable Housing and is therefore not the preferred option.

**6. Resource Implications**

- 6.1 Affordable Housing Development is currently delivered predominantly by the Housing Development Manager – both through strategic involvement in the wider provision by all providers and also housing specifically provided by the Council. One historic project is being project managed by the Property Services team.

The establishment of resources to deliver the DDC affordable housing programme and support the delivery of district wide affordable housing by other Registered Providers will have a resource implication, but this impact is variable over time and does not have a significant impact upon the general fund.

## 6.2 Sources of Funding for the Team

### **General Fund (GF)**

For statutory functions, strategic and monitoring functions not directly connected with the HRA (eg Planning and Homelessness), for affordable housing development work with external organisations, for affordable housing which falls outside the HRA, such as Interim housing, unless covered by Development Admin fees.

### **Housing Revenue Account (HRA)**

For affordable housing development work connected with the provision of housing either already in the HRA, or intended to be so.

### **Development Admin Fees (DFA)**

It is standard practice to aim for Teams delivering affordable housing to be self-funded as far as possible. This is achieved by charging a fee to each development project, which is paid to the Council via grant funding and borrowing. A reasonable figure is 2% of the total scheme costs, and this figure has been included in our financial viability appraisals since the commencement of the Housing Development Manager post.

### **Community Housing Fund (CHF)**

Currently the team is predominantly funded via Central Government funding from the Community Housing Fund. This was a grant of c£500k which was allocated to the Council for the purposes of promoting Community Led Housing within the District.

The proposal would create an initial c.£15k per annum pressure on the General Fund, some of which may be offset by external funding sources. In order to deliver a large housing programme it needs to be resourced accordingly. Alternative funding options, such as that proposed by Homes England, will continue to be investigated to support the budgets in the short term whilst detailed projects are developed.

## 7. **Corporate Implications**

- 7.1 Comment from the Section 151 Officer: Accountancy has been consulted on this report and has no further comments to add. (HL)
- 7.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make. (HR)
- 7.3 Comment from the Equalities Officer: This report does not specifically highlight any equality implications, however in discharging their duties members are required to comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15/section/149>
- 7.4 Other Officers (as appropriate):

## 8. **Background Papers**

None.

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