

# **Executive Committee**

## **15 December 2016**

### **West Dorset: Accelerating Home Building Programme For Decision**

#### **Portfolio Holder(s)**

Cllr Tim Yarker - Housing

#### **Senior Leadership Team Contact:**

S Hill, Strategic Director

#### **Report Author:**

S Hill, Strategic Director

#### **Statutory Authority**

LGA 1974

#### **Purpose of Report**

- 1 To describe the proposed Accelerating Home Building programme for West Dorset District Council and for Executive Committee to consider establishing the programme.

#### **Officer Recommendations**

- 2 That Executive establishes an Accelerating Home Building programme in West Dorset
- 3 That Executive allocates up to £300k from the corporate projects reserve to support the programme through to 31 March 2019 to appoint programme management and commission skills/resources.
- 4 That Executive agrees to establishing a Member Working Group to lead on the Accelerating Home Building programme, and in turn for the Working Group to report progress to the Western Dorset Growth Strategy Member board.
- 5 That Executive refers the Accelerating Home Building programme to Scrutiny Committee including scrutinising the proposed Council actions arising from the Housing Finance Institute Business Ready Review.

#### **Reason for Decision**

- 6 This paper recommends establishing the West Dorset District Council Accelerating Home Building Programme with a focus which is either directly or indirectly related to almost all of the Council's Corporate Plan outcomes, including increasing the number of new homes built within the district.

- 7 The Council has recently reassessed its 5-year land supply and concluded that the pace of housing development across the Local Plan area (West Dorset and Weymouth & Portland) is currently just below 5-years.
- 8 In addition to accelerating housing delivery to support land supply and the community benefits that housing derives; the programme also includes development of affordable housing types and the tenure mix with an aim of reducing the housing affordability gap and providing homes for specific groups (young, local, working age, vulnerable and elderly); and also where opportunities exist to improve income to councils.
- 9 For a number of reasons, housing supply is seen as a national priority coinciding with for example the recent announcement of a £3bn HCA Home Building Fund (loan), Larger Site funding and Affordable Housing programme. At the time of writing, the Housing White Paper is also planned to be published in January 2017, “with further significant measures all helping us towards our ambition for a million new homes by 2020”. The Accelerating House Building Programme will be adapted to ensure consistency between WDDC and Government objectives. More is announced alongside the Autumn Statement.

## **Background and Reason Decision Needed**

- 10 Some other councils nationally are at various stages of implementing similar programmes and the Government highlights housing as a priority. To date, Members and officers have attended South West Housing Forum and visited Eastleigh BC (including presentations from Keith House<sup>10</sup>) and East Cambridgeshire DC. Leaders and planning portfolio holders have also been provided with the background paper<sup>1</sup> and also schedules<sup>2</sup> describing the various planning stages of housing development sites.
- 11 This proposed Accelerating Home Building programme will also be proposed to North Dorset District Council and Weymouth & Portland Borough Council (in January and February 2017), with the recommendation to also establish a programme. Indeed, much of work and governance could be mutually beneficial across Dorset Councils Partnership (DCP).

In the years leading up to the recession, UK housebuilding failed to deliver the homes needed for our country. Government has made the building of new homes a priority. The planning system has been extensively reformed, infrastructure guarantees have been devised to support housebuilding, financial support has been given to housebuilding and to housing providers. The roles and responsibilities of councils have been transformed. Much has been achieved.

The Elphicke-House Review was established in the context of new roles and opportunities for councils. To look at what councils do, and what councils can do. To see if more could be done by councils to boost housebuilding and to create strong and sustainable communities, to support growth and prosperity. We believe that councils could achieve much more by taking a more central role in providing new homes.

The key recommendation is that councils change: from being statutory providers to being Housing Delivery Enablers. A Housing & Finance Institute (HFI) should be established to promote and support the sharing of ideas and drive innovation in housing finance.

- 12 The Housing Finance Institute (HFI) has been commissioned to undertake a Housing Business Ready Review for the Council (Executive, 1 November 2016). This is planned to start 1 December 2016 and be complete early in the New Year. Similarly HFI Reviews have been commissioned for North Dorset District Council and Weymouth & Portland Borough Council.
- 13 There are several projects included on the draft Corporate Projects list that Senior Leadership Team is preparing, which are development related and would be included within this single Accelerating Home Building Programme: eg, Brewery Square, Gillingham Strategic Site Allocation, Littlemoor, Vearse Farm, Markham & Little Francis and St Michael's Trading Estate.
- 14 Schedules of sites have been drafted which include allocated land without application; sites with extant permission where construction has not started or is only part complete; and those applications in the development management system: (i) applications received at 1 April but not yet permitted; and (ii) applications with resolution to grant at 1 April, but awaiting 106 negotiation/sign-off. The Schedules identify housing numbers.
- 15 The Accelerating Home Building programme will describe, against each application/site, the activities that the DCP is already progressing, that demonstrates the positive actions DCP is taking. That has been prepared in draft and provided to the HFI as information to inform its Review.
- 16 The programme is then likely to consider prioritising the schedules of sites and review and determining what further actions and interventions could be taken by councils, including for example working with the Homes and Communities Agency (HCA), Registered Providers (RPs) and developers/landowners. There are likely to be some sites that require different interventions than others and not ruling out the DCP councils investing time and money to promote development.
- 17 There are likely to be a range of interventions that the Councils and others could pursue for allocated and proposed development sites, eg working together differently with landowner/developer and agents; upfront funding of infrastructure; providing cash flow; land purchase; sourcing funding of housing for vulnerable groups; working with the HCA; partnerships and working together with RPs; joint venture with public or private sector partners (eg in partnership with recently established Private Sector Partnership); and jointly owned scaleable Council housing company. The report prepared May 2015 describes a range of options<sup>7</sup>.

Eastbourne BC has entered a Housing & Economic Development Partnership (HEDP), with Eastbourne Homes and is delivering a programme of new housing, regeneration, community and economic development. The main aim is to provide good quality housing and develop vibrant sustainable communities with local people at the heart of the regeneration process<sup>5</sup>.

- 18 In addition, councils can look beyond currently identified development allocations and planning permissions to other opportunities that support the economy and housing.
- 19 The West Dorset and Weymouth & Portland Local Plan early review has commenced with the Issues and Options stage currently with Councils' scrutiny committees for consideration. Similarly, the early review of the North Dorset Local Plan has commenced.
- 20 The Programme is not predominately concerned with Council assets but can include use of Council assets. Co-ordination with the Councils' Asset Management Groups will be needed in those instances, using the Asset Registers to accelerate construction on public land. In addition DCP Councils are at various stages working to formalise the arrangement with PSP (Executive Committee November 2016) and this could provide opportunities for council land/assets but also other development allocations/sites.
- 21 Dorset Councils work to promote development via a range of officer and Member groups including the Dorset wide Member Strategic Planning Forum, officer Planning Policy Managers and Strategic Housing Group.
- 22 The Accelerating Home Building programme provides a good opportunity to work together (for example, DCP councils, DCC and Registered Providers) on a strategic and important matter that requires multi-agency input. That co-ordination should assist Dorset Councils to promote a range of housing development options in particular with a focus on the vulnerable and Health Prevention at Scale; housing that might otherwise not be provided by the private sector.
- 23 DCC has been accepted as a pilot area for One Public Estate programme and has secured £25k of funding to develop the programme. It is recognisable that Dorset has not to date made the most of multi-agency opportunities as they have arisen and that the officer led Dorset Joint Asset Management Board has, in the past, provided a focus. Both should have enabled Dorset to promote development and including using local authority and other public assets. Some work has been done in Dorset, but more could have been achieved and at a quicker pace.
- 24 Coupled with an Accelerating Home Building programme, combined working with DCC or other Government agencies (such as the NHS, Dorset Clinical Commissioning Group, Highways England and Environment Agency) may help to identify the best options per site/application and together achieve the right balance of development and infrastructure.

- 25 The Housing and Finance Initiative (HFI)<sup>9</sup> has offered to work with WDDC to support its ambitions to increase the volume and pace of housing delivery, to explore creative ways to employ the Councils position as housing and planning authority to show leadership in the housing market and a commercial approach. WDDC agreed to the appointment of the HFI at its Executive 1 November 2016 (WDDC met with the HFI 1 December 2016 and its report is now awaited) and the NDDC and WPBC Housing portfolio holders have given informal approval.

## **Implications**

### **Corporate Plan**

- 26 Establishing the Accelerating Home Building Programme can be done by Executive Committee. It is recommended that the programme is governed by a Member Working Group. The existing Member Western Dorset Growth Strategy Board will provide overall Member governance of the Programme, demonstrating progress against its objective of providing an additional 20,000 new homes including affordable by 2033.
- 27 Officers are already meeting monthly to implement the programme and make progress on promoting housing (and other) development that supports the economy, environment and health in the DCP areas, which demonstrates our actions to bolster land supply, whilst deriving income for the councils.
- 28 Making timely and efficient and strategic decisions will be a challenge for Dorset councils and any individual council; something that the HFI could perhaps advise upon, including decisions at SLT, formal committees and using agenda urgent items.
29. This report recommends to Executive that a Member Working Group is established to lead on the Accelerated House Building Programme which in turn reports to the Member Western Dorset Growth Strategy.

### **Financial**

30. Executive is recommended to fund up to £300k for initial work to help develop the Accelerating Home Building Programme including establishing the skills and team required, reviewing the draft schedule of interventions and implementing interventions options. This work would directly benefit WDDC but may also inform other councils.
31. There is an appetite amongst Members to make progress including reviewing the proposed interventions strategically and per site; obtaining the right skills and resources to implement the interventions.
32. To bolster in-house resources and make more and better progress, skills are likely to be needed by councils, from project management, consultants specialising in housing and commercial property development, legal, financial and delivery vehicles. It is likely that consultants will be needed rather than being direct employees (given for example difficulties in recruitment and salary) or a team of consultants, or multi-disciplinary

consultancy team. Those consultants would provide advice generally and specifically to each intervention or site. Job Descriptions, commissioning options and specifications will be sourced, including from other councils. The HFI, Housing Business Ready review may indicate the skills and resources needed to be commissioned by the Council.

- 33 Traditionally, funding to support development of affordable housing has come via the HCA and RPs. This has changed with less HCA grant for housing per unit and loans and less RP funding. For example, Government funding eg via Starter Homes, Home Builder Fund<sup>6</sup> are announced from time to time, in some cases without detail following. There are other differently funded options like Rentplus and investors eg Cheyne Capital.
- 34 Financial returns of any council investment (which would be in addition to the project skills funding of £300k) will be evaluated on a case by case basis recognising that income from housing development may be little, long term and at risk but development is likely to deliver against other objectives and community benefits. Individual business cases will be prepared before council investment decisions are made, which will be made individually by the Council, without delegation.
- 35 In reviewing the interventions they may provide opportunities for income generation through financial investment and effective asset management.
- 36 Council financial investment in development opportunities will be evaluated and determined on a case by case, development opportunity basis, using the constitutional decision making arrangements, which includes decision making by Executive. Each council will need to determine the level of financial investment, funding source on a site by site opportunity basis.

East Cambridgeshire DC has set aside a £5m fund for development opportunities appointed a team of 5no. advisors; it is focusing at present on 2 housing development sites.
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## **Equalities**

- 37 Accelerating Home Builder is likely to have positive implications providing community and economic benefits. Home building brings with it an element of affordable housing (in all its various forms and tenure types), housing for the vulnerable and in an attempt to minimise the housing affordability gap.
- 38 The programme will be co-ordinated with the Service Transformation Plan (STP) for example to enable quality and type of housing to contribute to improving health outcomes (Prevention at Scale).

## **Environmental**

- 39 The programme will use the range of planning policy environmental constraints to safeguard the environment whilst balanced against the advantages of housing development.

## **Economic Development**

- 40 There is proven link between housing development supporting economic growth: draft report Supporting Dorset's Economic Growth – Future Housing Provision (DLEP)<sup>4</sup> and in particular the future options/recommendations.
- 41 The Dorset Local Enterprise Partnership (LEP) operates the Dorset LEP Housing Group and has recently decided to appoint a fixed term Partnership Housing Policy Manager to work across Dorset to promote housing development<sup>3</sup>.
- 42 Dorset wide strategic planning and strategic housing should be implemented coherently with individual council's decisions being made in the context of Dorset's strategic housing need and planning. The advantages of housing development are focused on both economic and health outcome.

## **Risk Management (including Health & Safety)**

- 43 The HFI will be asked to comment on risks during its Business Ready Review, and the arising action plan is proposed will be subject to Scrutiny. The proposed Member Working Group will be responsible for ensuring that a risk register is prepared and maintained as well as balancing risk within any individual business case.
- 44 This report recommends Executive setting aside up to £300k of WDDC funds to initially commence the programme, which would be at risk and may not result in a financial return.
- 45 The fund would support the programme through to May 2019 including programme management.

## **Human Resources**

- 46 There are some skills and resources within DCP staff structure to help interventions including within development services major projects team and also planning policy implementation team.

## **Consultation and Engagement**

- 47 It is recommended that the Accelerating Home Building programme and actions from the Housing Business Ready review be referred to Scrutiny committee.
- 48 Normal and statutory consultation will be expected should development proposals emerge including options appraisal public consultation and pre-planning application consultation, in addition to statutory consultation.

## **Appendices**

None.

## Background Papers

1. Housing and Revenue: Housing Delivery Enablers – 12 July 2016 update
2. Schedules of Development sites
3. <https://www1.bournemouth.ac.uk/dorset-local-enterprise-partnership-housing-policy-manager-fixed-term>
4. Supporting Dorset's Economic Growth – Future Housing Provision (DLEP) – draft Three Dragons with SQW and Parkwood Consultancy – September 2016
5. <http://www.eastbourne.gov.uk/news/2016/april/eastbourne-borough-council-partnership-win-uk-housing-award/>
6. <https://www.gov.uk/government/publications/home-building-fund>
7. Options for Asset Development and Alternative Service Delivery Models, WDDC and WPBC; May 2015; Grant Thornton
8. Western Dorset Economic Growth Strategy – draft
9. The Housing and Finance Institute (HFI) has prepared the Housing Business Ready Programme: “Housing Business Ready Programmes are designed to help councils to better articulate their housing strategy, assess opportunities and delivery methods available to them and optimise the speed, value and fit of housing outcomes.”  
[http://www.thehfi.com/housing\\_business\\_ready\\_programmes](http://www.thehfi.com/housing_business_ready_programmes)
10. The Elphicke / House report (from statutory provider to housing delivery enabler: review in to local authority role is housing supply) was introduced by Keith House (Eastleigh Borough Council).  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/398829/150126\\_LA\\_Housing\\_Review\\_Report\\_FINAL.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/398829/150126_LA_Housing_Review_Report_FINAL.pdf)

## Footnote

Issues relating to financial, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.

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