

Agenda



Listening Learning Leading

Contact Officer: Steve Culliford
Tel: 01235 422522
E-mail: steve.culliford@southoxon.gov.uk
Date: 17 October 2019
Website: www.southoxon.gov.uk

A MEETING OF THE

Cabinet

WILL BE HELD ON FRIDAY 25 OCTOBER 2019 AT 9.30 AM

**MEETING ROOM 1, 135 EASTERN AVENUE, MILTON PARK, MILTON,
OX14 4SB**

Members of the Cabinet

Member	Portfolio
Sue Cooper (Chair)	Leader of the Council, Cabinet member for legal and democratic and Didcot Garden Town
David Turner (Vice-Chair)	Deputy Leader and Cabinet member for finance
Pieter-Paul Barker	Cabinet member for partnership and insight
Robin Bennett	Cabinet member for economic development and regeneration
Maggie Filipova-Rivers	Cabinet member for community services
Andrea Powell	Cabinet member for corporate services and communications
Leigh Rawlins	Cabinet member for planning
David Rouane	Cabinet member for housing and environment

Alternative formats of this publication are available on request. These include large print, Braille, audio, email and easy read. For this or any other special requirements (such as access facilities) please contact the officer named on this agenda. Please give as much notice as possible before the meeting.

ITEMS TO BE CONSIDERED WITH THE PUBLIC PRESENT

Reports considered with the public present are available on the council's website.

1 Apologies for absence

To record apologies for absence.

2 Declaration of disclosable pecuniary interest

To receive any declarations of disclosable pecuniary interests in respect of items on the agenda for this meeting.

3 Urgent business and chairman's announcements

To receive notification of any matters which the chairman determines should be considered as urgent business and the special circumstances which have made the matters urgent, and to receive any announcements from the chairman.

4 Public participation

To receive any questions or statements from members of the public that have registered to speak.

CABINET DECISIONS

5 Housing delivery (Pages 3 - 7)

To consider the head of development and regeneration's report.

MARGARET REED

Head of Legal and Democratic

Cabinet Report



Listening Learning Leading

Report of Head of Development and Regeneration

Author: Suzanne Malcolm

Telephone: 01235 4222117

Textphone: 18001 01235 422217

E-mail: Suzanne.malcolm@southandvale.gov.uk

Wards affected: N/A

Cabinet member responsible: Councillor Pieter-Paul Barker

Tel: 01844 212438

E-mail: Pieter-Paul.Barker@southoxon.gov.uk

To: CABINET

Date: 25 October 2019

Housing Delivery

Recommendations

- (a) Cabinet request officers to undertake an exploratory study and prepare a report to recommend suitable options for proactive action by the Council to bring forward a wider range of housing in South Oxfordshire
- (b) To ask officers to consider, as part of this report, what options exist to prioritise Berinsfield as a location to pilot any new approach to housing delivery in the district
- (c) To ask officers to identify whether the housing market conditions across South Oxfordshire and Vale of White Horse District Council are such that the option of a joint solution and approach would be beneficial

Purpose of Report

1. The purpose of this report is to look at ways that the council can put in place a new approach to council intervention to bring forward a wide range of housing delivery in South Oxfordshire.
2. By developing a new approach to delivery of a wide range of housing the council can seek to tackle issues of genuine affordability, support the development of greener communities with the right quality and type of housing in the right location.
3. Developing an approach to housing can help support the council's wider goals of reducing climate change and potentially make a contribution to improving the council's long-term financial position.

Corporate Objectives

4. The 2016-2020 Corporate Plan sets out a strategic objective for “Homes and jobs for everyone”.

Background

5. At its meeting on 18 July 2019 Council carried the following motion: -

“Increasingly, the only type of housing that is genuinely affordable to key worker, and the under-40s in general, is social rent housing. Council asks officers to prepare in time for the next full council a piece of work looking at ways to use council powers and resources to deliver more high-quality genuinely affordable housing, at similar levels to social rent housing, including ways to keep such properties genuinely affordable in the long term and to release and access low-cost land for projects such as – but not limited to – self-build and community land trusts, as well as projects let or operated by the council itself”.

6. The current number of affordable units delivered in South Oxfordshire is 382 in 2018/2019 (against a target of 250). However, statistics show that affordable is not truly affordable as defined by the National Planning Policy Framework (Government’s planning policies), for most residents in South Oxfordshire. According to the Office for National Statistics Housing Affordability in England and Wales 2018, the median house price in South Oxfordshire is £384,100 and the median gross annual workplace-based earnings is £31,069. Therefore, the ratio of median house price to median gross annual (where available) workplace-based earnings is **12.36 times** (how many times annual median earnings required to afford the median house price above).
7. The current average market rent per calendar month in Cholsey is £1,143 (local housing allowance is £834), Wallingford is £1,150 (local housing allowance is £834), Goring is £1,929 (local housing allowance is £866), Chinnor is £953 (local housing allowance is £724). The local housing allowance figure is based on a two-bedroom house, so not a direct comparison to the average market rent but provides a useful guide.
8. Since then officers have progressed some headline work to look at options in relation to how the council make put in place a new approach to delivery of housing in South Oxfordshire.

Options

9. A number of local authorities have set up their own delivery vehicle to deliver housing programmes. 131 councils have directly delivered new housing since 2014/2015. The biggest builder by some distance was Birmingham City Council with 2,207 homes completed over the period through the Birmingham Municipal Housing Trust (BMHT) an enterprise established in 2009 as a means of delivering Housing Revenue Account (HRA) housing. Of these 416 were for social rent, 893 were for affordable rent and 898 were for sale on the open market. BMHT is now the biggest developer in Birmingham. Locally Oxford City Council and Cherwell District Councils have started delivering housing, as have others such as Norfolk and Eastleigh.

10. The table below shows the top ten council developers over the past five years (source Inside Housing 11 October 2019).

Council	Total completed	HRA	Housing companies	General fund	Notes
Birmingham	2,207	2,207	0	0	Also building homes through housing company InReach – figures not provided
Manchester	1,396	60	1,336	0	Includes private finance initiative and joint ventures
Newcastle upon Tyne	820	460	356	4	Includes joint venture
Sheffield	727	104	623	0	Includes joint venture
Hackney	644	644	0	0	
Leeds	562	554	0	8	420 for social rent – the most of any council
Stockport	485	176	309	0	Part-funded through borrowing from the general fund
Hull	425	425	0	0	
Doncaster	415	415	0	0	
Hounslow	397	397	0	0	

11. According to a recent study by the Royal Town Planning Institute on Local Authority Direct Delivery of Housing found that 78 per cent of local authorities had a housing or property company (a wholly owned or joint venture company focussed on either housing delivery and development or acquiring property for investment or other purposes).
12. For those authorities with wholly owned or joint venture companies they rely on a wide range of sources of funding. The most common source of funding for a housing company was the council drawing on its own resources. Examples of this include financial support such as a loan from their general fund, using council buildings and land to secure loans and through building on council owned land.
13. However, it should be considered that the market conditions in South Oxfordshire are different than in a number of these locations. We have high housing delivery, high

build rates and a significant amount of optioned land that other areas do not necessarily have, however that does not preclude the council from doing more to deliver the right type of housing for the district.

14. There are several options that may help delivery of additional affordable housing at a modest scale. These include using S106 affordable housing contributions to subsidise housing delivery by a third party, working with a Community Land Trust or similar Community Benefit Society with charitable status, or a combination of delivery vehicles and funding sources. The Council may also wish to consider granting a long-term lease of council owned land to a Registered Provider. Any of these options would give the Council the ability to influence the type of development to be delivered, including design, tenure and innovation.
15. However, in order to put in place a new approach to delivery and to meet housing need the council should consider the use of its own delivery vehicle and act as developer, owner and manager of its own housing portfolio in ways similar to those prior to the Large-Scale Voluntary Transfer (LSVT) of its council housing in 1997.
16. In addition to increasing supply, it would present the Council with an opportunity to focus on quality of design, true affordability at a local level, and bespoke projects which might contribute to addressing the needs of particular communities and settlements. The financial, legal and resourcing implications of doing this will be highly significant, and the council will require expert advice in order to identify a range of options, together with a thorough evaluation of each option in terms of likely outputs, costs and specialist staffing required. This option is assumed to be the one that is also the most financially beneficial to the council, but further analysis will be required to substantiate this.

Berinsfield

17. Berinsfield has recently been awarded Garden Village status by the Ministry of Housing, Communities and Local Government (MHCLG) which provides an opportunity to pilot a new approach or models in this village.
18. Berinsfield's unique challenge comes from a range of factors including income levels, employment, health, education, environmental, skills and housing deprivation. Super output areas data for Berinsfield shows that across these factors Berinsfield is in the 50 per cent most deprived in England. 21.3 per cent of children in Berinsfield are classed as being in poverty, compared to 10 per cent across Oxfordshire. 12.8 per cent of the population are working age benefit claimants, compared to 6.3 per cent across Oxfordshire. 24 per cent of children in Berinsfield are living in income deprived households, compared to 11.8 per cent in Oxfordshire.
19. The recently undertaken housing needs assessment will provide some valuable research into the housing needs of the Berinsfield community in terms of mix and tenure required.

Financial Implications

20. In order to progress this work officers will need to appoint a specialist consultant to undertake a study to look at options to put in place a new approach to delivery of housing in South Oxfordshire. This will include looking at the financial implications of

each potential model of delivery. The cost of this consultant can be met from the existing commercialisation budgets.

21. The study will also look at ways in which models can be delivered in partnership with Homes England, registered providers and developers and the financial opportunities and costs to the council of these different models.
22. Should the council choose to set up a development vehicle, such as an arms-length company, this will require additional investment in capacity, knowledge and expertise from outside the council as there is not current capacity within the council to undertake this.

Legal Implications

23. Depending on the outcome of the study and council's chosen way forward to delivery of housing in South Oxfordshire there will be a number of significant legal areas to consider. These could include items such as setting up an arms-length company, procurement, and development agreements. Although such arrangements are relatively common place across local government, ensuring a flexible model that can respond and adapt to South Oxfordshire's needs both now and in the future will be vital.

Risks

24. The financial, legal and resourcing implications of doing this will be additional to those already managed by the Council and the associated risks will be carefully analysed as part of the study prior to the council progressing.

Conclusion

25. There is a clear affordability crisis in the district. Investing in a new model of housing delivery in South Oxfordshire would enable the council to secure thriving communities and provide a wide spectrum of tenures to meet a variety of needs across the district. Decent housing in a well-planned environment provides a foundation for helping people to maximise their contribution to society, and to create areas that are economically prosperous. Investment in high quality social housing can also save public funds, such as through reducing poor physical and mental health outcomes that are currently experienced by those living in an unstable private rented sector or those in temporary accommodation. It is clear that councils cannot rely on the private sector alone to meet the shortfall of housing supply and importantly a more proactive and direct approach will help to sustain additional income for the council in the longer term.