

Report to: **Hub Committee**
Date: **7 December 2021**
Title: **West Devon Housing Challenges**
Portfolio Area: **Homes – Cllr Barry Ratcliffe**
Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: Upon the expiry of the Scrutiny Call-in Period

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RECOMMENDATIONS:

It is RECOMMENDED that the Hub Committee:

Part 1

- 1. Approves the amendments to the Tenants incentive downsizing scheme set out at Appendix 1.**
- 2. asks the Director of Place and Enterprise to write to the Secretary of State for Levelling Up, Housing and Communities to lobby for the changes to the broad market areas, second homes business rate loophole and supported exempt accommodation regulations identified in the report**
- 3. Supports the work of the 5-year Housing Strategy and reinforces the importance of partnership working.**

Part 2

- 1. agrees to commence preparation of a new South Hams & West Devon Homeless Strategy for 2022-2027**
- 2. agrees to focus on four specific client groups for the new Homelessness Strategy: Single households, families, households with additional needs and Rough Sleepers.**
- 3. approves the proposed consultation approach in addition to the adopted consultation and engagement strategy.**

1. Executive summary

- 1.1. The pandemic, coupled with already established housing challenges in West Devon has led to an increase in concerns for our residents about access to affordable, good quality housing in the borough.
- 1.2. The Council has established high ambitions through the recently adopted Plan for West Devon, the 2021 Housing Strategy, Better Homes Better Lives and the emerging homeless strategy. The accompanying delivery plans have robust actions to ensure the Council is responding as best it can to the housing challenges facing residents.
- 1.3. The significant issues in the Borough are:
 - Affordable housing delivery
 - sustainability of rural villages
 - lack of good quality and affordable private sector rented accommodation
 - delays and shortages in the construction industry
 - Opportunities for people requiring specialist accommodation because of age or disability
 - Factors such as access to care services and delays in adaptations impacting people's ability to remain living independently.
 - Access to good quality temporary accommodation
- 1.4. Not all of these issues are within the gift of the Local Authority to address solely. However, through lobbying, influencing, and working in partnership with statutory and voluntary organisations we can seek to make a difference where we can. This report will set out what actions the council may wish to consider taking in relation to each of the challenges.
- 1.5. The second part of this report is concerned with the formation of a new homeless strategy for 2022-2027

2. Background

- 2.1 The affordability of housing in England, the South West and here in West Devon has over a number of years, become a significant issue for our communities. Not only is the issue of affordability felt by those looking to purchase, but also there is a severe lack of rented stock in the private rented market and high demand in the affordable/social rented category. Many of these issues have been exacerbated by the pandemic and changing trends towards rural living and second homes.
- 2.2 By way of example, on the 10th November 2021 there were only 2 3-bedroom properties for rent in Okehampton (both significantly more than the local housing allowance) 1 3-bed in Hatherleigh (also above local housing allowance) and no 3-bed homes in Tavistock available to rent privately through Right Move. On the same date, there was one property available through Devon Home Choice in

the whole of West Devon – which was a 2-bedroom flat in Okehampton.

- 2.3 As a largely rural area, West Devon has additional challenges such as transport and access to services. Devon County Council's current campaign to recruit new carers has highlighted the 2000 vacancies across the County in domiciliary services and care homes. This is felt keenly in more rural areas where the cost of transport is often prohibitive to careers in care.
- 2.4 At a recent South West regional meeting of Homes England, NHS and Local Authorities, the NHS stated that its lower paid staff could not afford homes, nor could they get a home through the housing waiting list which continues to get longer (see Figure 2). The NHS also said that its consultants, who can afford homes, could not take new jobs in the area as they could not find a property to rent whilst they found a house to buy. Therefore, the issue is one of both affordability and supply of rented stock and it is affecting the fabric of the region and the sustainability of our communities.
- 2.5 Since 2002, the ratio of median house prices to median earnings in the West Devon has gone from 6.8 to nearly 10 (see figure 1 below). However, the amount a bank or building society will lend has not materially changed over that period, leading to the need for greater deposits required for those looking to acquire a home.
- 2.6 The median salary in the West Devon in 2020 was £27,000 and the average house price was £255,000. A typical mortgage would therefore require a deposit of £147,000, which is beyond the means of the vast majority of people to save.
- 2.7 Despite this the Joint Local Plan (JLP) is exceeding its housing delivery targets (664 more than forecast by 2020), has a 5.8-year land supply and the delivery of 83 more affordable homes than our policy position requires since the start of the plan period. The current market-led system for delivering homes is still not solving the problem.
- 2.8 As with all structural problems, it is a combination of numerous interrelated issues for which there is no silver bullet:
 - Foreign investment (pension funds etc.) account for as much as half of all new homes bought in prime London areas. The commodity price is of no interest to these funds, only the increase in value and return they generate, pushing up London prices.
 - London's housing market and high salary earners who are cash rich buyers are recognising more value in alternative, desirable locations elsewhere in the Country. This ripples outwards and sets the cost of housing across England.
 - Living preferences have changed, away from urban areas putting a disproportional pressure on rural housing markets. A trend accelerated during the post-Pandemic period.
 - Often the places most desirable for people wishing to escape more urban lifestyles are rural by nature. Coupled with rural planning constraints and local reluctance for new development, many local people feel squeezed out of the village they have lived in all their

life because they simply cannot afford to live there. This is threatening the very fabric of our rural communities.

- The visitor economy provides a strong commercial driver towards holiday lettings accompanied by a government crackdown on financial incentives for traditional landlords, whilst the holiday-let market has been largely ignored. Whilst this is not felt as acutely in West Devon as it is for our coastal neighbours it has further reduced availability of long-term rented accommodation (see Figure 3), and is very real for some villages in the Borough.
- Land prices for new homes reflect the wider sales trends for existing homes, which continually lifts the baseline price for a new home.
- Developers prefer to build larger homes that sell for more money. This results in higher levels of under occupation and excess living space. Without smaller homes being built, there is little opportunity for downsizing and limited options for younger people and working-age families.

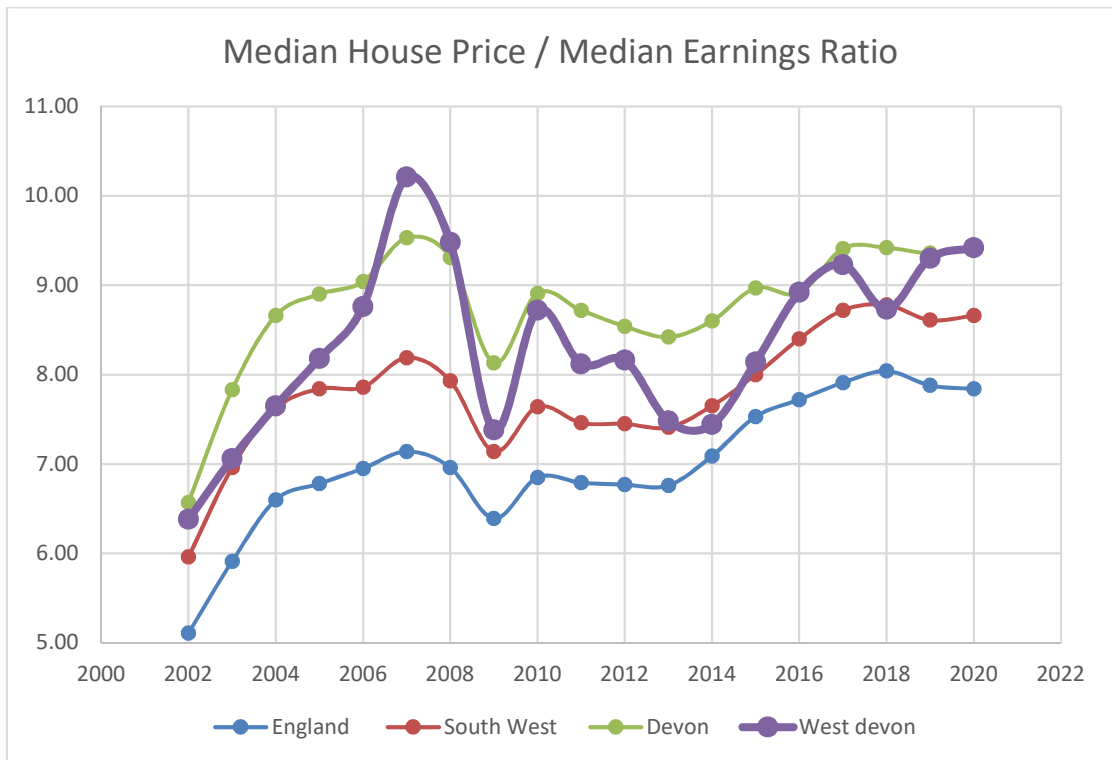


Figure 1

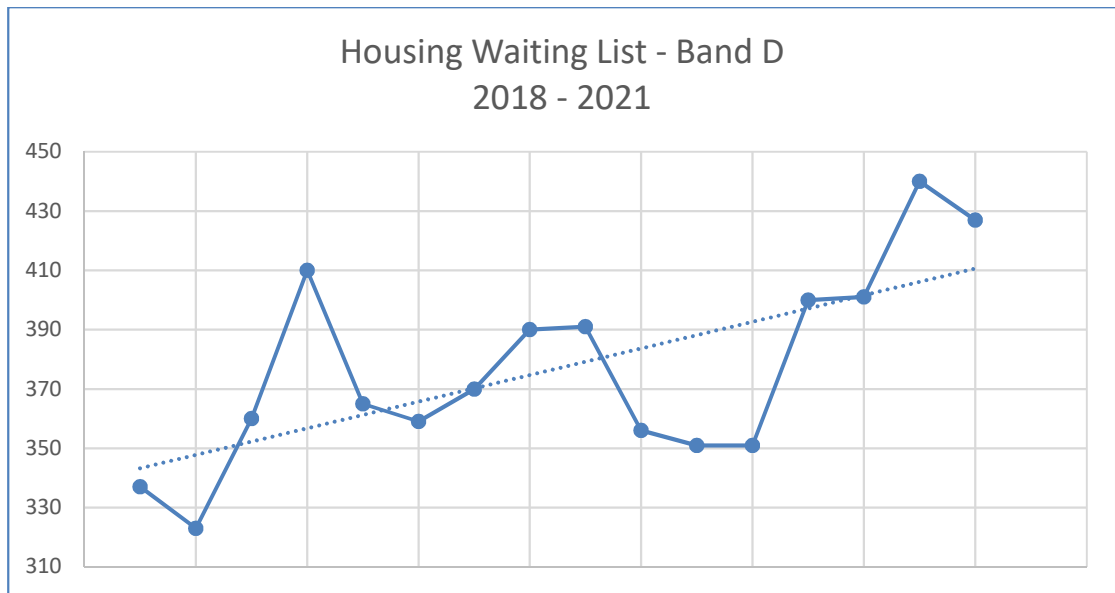


Figure 2 – Housing Waiting List

4. Outcomes/outputs

Lobby for positive change & fairness

- 4.1. Members could lobby on second homes loophole, better regulation and oversight of supported accommodation of leasehold properties, and disposal of public sector assets to be used locally if there is a need and profit not be the primary driver.
- 4.2. The visitor economy provides £65.4m into the local West Devon economy each year and is one of the largest employment sectors (10%). It is possible to support and enhance this, yet ensure that those whose businesses prosper from it within the accommodation sector contribute to the cost of providing the services they depend on.
- 4.3. To illustrate this, second homes that currently avoid council tax by electing to pay for business rates (if they are available to let for more than 140 days) mean that the Council receives about 50% less money than would be the case through Council Tax. Worse still, the Parish and Town Councils receive no income. A change to Section 66(2B) of the Local Government Finance Act 1988 to stop second homes being eligible for business rates would ensure a fair flow of funding at a local level to deliver the services they rely upon.

Maximising the delivery of affordable homes through policy

- 4.4. The JLP affordable housing threshold is a very powerful tool. As set out in the background section above, the existing policy is being very effective and delivering 30% of new homes as affordable, but rightly the ambition of this Council is to do more and go further.
- 4.5. To be successful to implement the members expectation in two years' time when the JLP is reviewed, officers commit to working up the necessary evidence base and housing need analysis to ensure that the members will have a choice in the future to go further than the JLP currently does. It will remain a choice, because the cost of

delivering affordable housing has to be balanced against all of the other requirements and to increase delivery of one area will reduce another.

Opportunities to support Landlords & Tenants of the Private Sector

- 4.6. The Council is keen to support private landlords and there are multiple actions about landlord engagement within the Housing Strategy. We have surveyed our local landlords and as a result propose the following actions:
- Establish a registration opportunity for landlords to sign up for updates
 - Promote our own Seamoor Lettings option through social media, Localities van livery, envelope advertising during mailshots and via a dedicated website.
 - Producing a bi-annual information update bulletin – to include Environmental Health, licensing, deposit, Energy performance certificate information etc. to be e-mailed to all registered landlords
 - Create 'Tenancy Packs' with checklists and advice on how to start and end a tenancy lawfully to be provided via the website and/or on registration.
 - Promote landlord/tenant advice service to encourage tenants to suggest the registration scheme to their Landlords

Seek broad market area boundary reforms

- 4.7. A Broad Market Area (BMA) is an area *'within which a person could reasonably be expected to live having regard to facilities and services for the purposes of health, education, recreation, personal banking and shopping, taking account of the distance of travel, by public and private transport, to and from those facilities and services.'*
- 4.8. In West Devon, there are three Broad Market Areas, which are Plymouth, which incorporates areas to the south of the Borough; Exeter, which is the majority of the north of the Borough; and North Cornwall and Devon Borders, which includes areas such as Lifton and Lewdown. The Local Housing Allowance (LHA) is a rate within the BMA that is the 30th centile of all the rents – including RP's affordable and social rents.
- 4.9. In 2012, the Government delinked the LHA rates from prevailing rent levels and then LHA rates were frozen for 4 years from 2016. In 2020, there was an inflationary increase, but this did not address the rises in rents during that period.
- 4.10. The LHA rates are strongly influenced in the south of the Borough by Plymouth City and in the north by the city of Exeter. For example, the 3-bed housing allowance in Okehampton would be £823 and in Tavistock it would be £693. This does not reflect the local property market and by way of comparison the 2-, 3-bed properties in Okehampton were in the region of £950 whilst the only comparable property available in the south of the Borough was available in Mary Tavy at £1350 a month. Accommodation that is within the BMA is rare

in the north and almost unheard of within the south of the Borough and this is further impacted on the availability of accommodation for our local residents.

- 4.11. It is incredibly challenging to rent privately for those who require assistance through Housing Benefit or Universal Credit.
- 4.12. It is therefore suggested that the Council should lobby Government for a reassessment of the LHA annually and also an annual inflationary increase and to further explore the impact of a Broad Market Area.

Working with Partners

- 4.13. The Council already works closely with its Registered Provider partners particularly with Livewest (our stock transfer landlord and the largest provider of social housing in the Borough) who attend the Overview & Scrutiny Committee annually to answer Members' questions and to provide a strategic report.
- 4.14. Members have been increasingly concerned about the numbers of stock disposals of properties in very poor state of repair that will not meet decent homes standards or green homes without a significant level of investment that is not always possible.
- 4.15. Members are rightly concerned by the loss of the last few units of social housing in a village with no prospect of them being replaced in the same vicinity. Under the terms of the stock transfer agreement, the Council does not have the power to block such sales. However, the Council will continue to challenge Registered Providers on disposals and will carry on the conversations about replacement properties being provided locally. The Council will consider whether it or another Registered Provider could take on the property.
- 4.16. Keeping a record of the locations where disposals occur and the tenure of the housing when it was last occupied will assist the Council in its understanding of housing need.
- 4.17. Where the Council can positively influence is through incentivising social housing tenants to downsize, freeing up underused larger accommodation for families on the waiting list. There are currently 27 households registered on Devon Home Choice who would like to downsize. The Council has a policy of providing one off payments to encourage downsizing (Min CM*/* refers). The existing policy has been invoked 3 times in the past three years to 2021 at a cost of £5000; an average of £1666/yr.
- 4.18. However, it is recommended as part of this report that the payment is increased from £1000 plus £500 per bedroom to up to £5000 in areas of high demand and the amendments to the policy in Appendix 1 are adopted.
- 4.19. Following the adoption of the policy, targeted communication will be sent to those households looking to downsize, including offering home visits and other targeted measures to overcome the barriers to downsizing.

- 4.20. There will also be closer interaction and engagement with our Registered Providers at both a strategic and operational level. On the 12th November the Head of Housing met the larger Registered Providers with stock in our area and discussed how the Council and they could work together in the future, both in terms of new housing; existing stock; and the priorities they have made collectively as the Homes for the South West Group and how the Council can align with them to ensure delivery in its area.
- 4.21. In terms of new development opportunities, the council could commit to supporting our Registered Provider partners to prioritise planning applications where this is Affordable Housing-led. This will make the journey through planning more streamlined and enable properties to be developed quicker subject to the usual planning process.
- 4.22. Officers should be able to explain the wider benefits of development or redevelopment to the Council and public in order to explain the 'knock on' effect that this route of property creation brings. If new accommodation is being brought forward in one area, what positive effects to health and wellbeing could this have and how this generate would generate turnover in the existing stock and increase its availability. However, this can all be accomplished whilst working within the NPPF and JLP guidelines.

Providing capital funding where it is needed; taking a big picture view – Section 106 agreements

- 4.23. Affordable housing is often delivered on site as part of new development, but sometimes off-site contributions are taken in lieu. This is a case by case decision taken at the time of the planning application and informed by the housing team.
- 4.24. Subject to an audit trail showing the relationship to the development and need, the obligations on developers in a Section 106 Agreement, the legal contract that enables the financial contribution, will be worded in such a way as to ensure that the money can be spent where there is need across the Borough.
- 4.25. That need is well understood and as set out above, will continue to be refined and updated by further housing need analysis and the emerging future JLP evidence base.
- 4.26. Insofar as the Council is permitted by law to do so, Members are asked to formally recognise a principle that supports the allocation of affordable housing contributions based on need first, proximity to the planning application location second, and support it within their communities.

Specialist Accommodation provision

- 4.27. The Council has, through an investigation involving its Legal and Housing Benefits teams, been instrumental in shaping the national debate on supported housing providers who lease property from pension investment companies and take full advantage of the more

generous levels of housing benefit this type of accommodation can command. This has been in no small part down to the lobbying the Council took in relation to this issue, which resulted in the issue being escalated to the Prime Minister's policy team. The Council should take pride in the role it has played, but continue to lobby for better regulation of lease based models, and exempt supported accommodation.

4.28. During this investigation, it became apparent that West Devon has a need for accommodation for people with learning difficulties and significant mental health illnesses that would be better suited to their needs. These range from shared houses to independent flats in a core and cluster model. The Council is working very closely with Devon County Council to establish the exact need and whether we can bring forward some specialist accommodation for people with learning difficulties in the Okehampton area. The Council owns a significant piece of land in the area that it bought with the intention of building homes. With the proposed school, improved transport links and the ability to access job and volunteering opportunities there is a chance to do something very positive for this client group within the Borough. Members will be kept apprised of this as the joint working continues before being asked for formal approval in due course.

4.29. The Council has been clear with its priority to improve temporary accommodation for people facing homelessness within the Borough and an application for the redevelopment of Springhill Flats is due to be considered by the Development Management and Licensing Committee on the 14th December 2021. If approved this will provide 11 units of purpose built self-contained accommodation for people in a central location. Currently temporary accommodation options are B&B's and holiday-let properties, which are far from ideal, often out of the Borough and expensive and poor value for money to the taxpayer. If planning permission is granted, Members will be asked to consider a full business case.

5. A holistic approach

5.1. Better Homes, Better Lives is the Council's 5-year plan setting the ambition around how the Council can tackle the issues set out in this paper. It includes a number of specific actions in the accompanying Action Plans (AP) that will address the concerns raised. Of particular note are the following:

5.1.1. Seek to expand our own in house private letting service, Seamoor Letting (AP page 18)

5.1.2. Develop and promote an intermediate housing register specifically for key workers (AP page 18)

5.1.3. Support encourage and offer management services to HMOs (AP page 19)

5.1.4. Address under occupation and overcrowding in social housing stock through the Tenants Incentive scheme (AP page 20)

5.1.5. Purchase land to support strategic housing delivery (AP page 3) this can also encompass challenging other public authorities on land disposals around 'capital receipts and social wellbeing'. Which would have the wider longer-term benefit.

4 Proposed Way Forward

- 1) It is recommended that Members accept the proposed actions of this report.
- 2) Members may wish to instruct the Director of Place and Enterprise to write to Michael Gove MP, Secretary of State for the Department for Levelling Up, Housing and Communities setting out the housing issues they wish to lobby for.

PART 2

Homeless Strategy

1. Executive summary

- 5.2. The Homelessness Act 2002 places a duty on local authorities to review homelessness, and the influencing factors that cause homelessness, and to develop a strategy that addresses the findings of the review.
- 5.3. The Joint South Hams and West Devon Homeless five year Strategy was last published in 2017 and is in its final year. A review of the achievements made over the lifetime of the strategy and a review of current and likely future needs and trends has been conducted and is summarised in Appendix 1.
- 5.4. As a result of this review, four key areas of housing need have been identified: Single Households, Families, and Households with additional needs and Rough Sleepers.
- 5.5. It is proposed that the Council approves the development of a Joint Homelessness Strategy for 2022-27 that looks to address these identified needs. This report proposes that consultation is conducted with Members and Stakeholders to ensure the strategy is robust and an accurate reflection of current need.
- 5.6. The strategy will form part of the suite of plans focusing on the priority of Homes, aligned with the priorities of Better Lives for All, the Housing Strategy "Better Homes, Better Lives" and the points of the Housing Crisis declaration of the 23rd of September 2021

2. Background

- 2.1 The current Joint Homelessness Strategy 2017-22 will end shortly and requires renewal. The Homelessness Act 2002 places a legal duty on local authorities to review homelessness and the influencing factors for the area and produce a strategy that addresses local need.
- 2.2 The review of the progress made under the current strategy (Appendix 1) has identified significant differences in the opportunities and challenges experienced by four main groups within our communities. These are Single

households, Families, Households with additional needs and Rough Sleepers.

- 2.3 In order to address the varying challenges experienced by these groups, it is proposed that the new strategy focusses on solutions for each of these different groups.
- 2.4 The impact of the pandemic on local housing need has been significant and this Strategy comes at an opportune time to take into account the additional challenges the council and our residents are facing.

3. Outcomes/outputs

- 3.1 If the recommended areas for focus are approved it is proposed that the Council consults with stakeholders, members and the public to inform the content and shape priorities of the new 2022-27 Strategy.
- 3.2 The outcomes of the consultation will support the development of the Joint Homelessness Strategy 2022-27, which will be brought to members for adoption in April 2022.
- 3.3 This strategy will contribute to the delivery of the Corporate Strategy theme 'Improving Homes – Every resident has access to a quality and safe home'. Through identifying and seeking to address the barriers that our residents may encounter when looking to achieve this.

4. Options available and consideration of risk

- 4.1 The Council could choose not to use the proposed four areas of focus as its framework for the Homelessness Strategy.
 - a. Officers will need to return to the review to seek to identify alternate options for areas of focus. It is felt that alternate focus areas will not deliver the best outcomes for our communities.
- 4.2 The Council chooses not to produce a Homelessness Strategy.
 - a. It is a legal requirement for the Local Authority to produce a strategy to address homelessness and to conduct a review which informs this. To not have a current Homeless strategy is therefore unlawful
- 4.3 The Council produces a Homelessness Strategy without engaging with stakeholders, members or residents for consultation
 - a. This would be contrary to the adopted Corporate Engagement Strategy and could result in a missed opportunity for interested parties to contribute meaningfully to homelessness in the Borough.
- 4.4 The council produces a Homeless Strategy based around the four areas of need identified as part of the review. Consultation with members, stakeholders and residents takes place to inform the final strategy outcomes.
 - a. This will result in a robust and well informed strategy document which accurately reflects local need and maximises the opportunities for partnership working.

5. Proposed Way Forward

- 5.1 The Council produces a Homeless Strategy based around the four areas of need identified as part of the review. Consultation with members, stakeholders and residents takes place to inform the final strategy outcomes
- 5.2 Agreement of the four key areas for focus: Single households, families, households with additional needs and Rough Sleepers
- 5.3 Delivery of a presentation over Teams to members and stakeholders to outline our initial findings following review to ensure the various elements currently impacting on homelessness and housing need are clearly laid out and understood.
- 5.4 Present a survey monkey to all members and stakeholders to enable responses to the identified needs and proposals for the way forward to be commented upon.
- 5.5 Present a public survey monkey seeking feedback on the areas of need and proposed solutions to be publicised through social media.
- 5.6 Reach out directly to households with lived experience of homelessness to complete the survey monkey with an officer.

Publication of the final draft of the document to be approved by members in April 2022.

6. Implications

Implications	Relevant to proposals Y/N	
Legal/Governance	Y	<p>The Council has powers across all of its functions to help shape and boost housing provision whether by providing houses itself (Housing Act 1985 section 17) or through a housing company (Local Government Act 2003 section 95 or Localism Act 2011 section 1); facilitating delivery by others by land assembly (Local Government Act 1972 and Town and Country Planning Act 1990 section 226); bringing vacant properties back into use (Housing Act 2004); or more strategically, through planning policy; and the grant of planning permissions and planning agreements (Town and Country Planning Act 1990 section 106).</p> <p>The Homelessness Act 2002 places a duty on local authorities to review homelessness, and the influencing factors that cause homelessness, and to develop a strategy that addresses the findings of the review.</p>
Financial implications to include reference	Y	The revised Downsizing policy if successful will continue to require funding, up to an estimated

to value for money		<p>£20k per annum from the affordable housing reserve.</p> <p>Proposals for both Springhill & the specialist accommodation provision will be subject to separate business plans and further reports to the Hub Committee.</p> <p>It is important to note that Local Authorities still receive a prevention of homeless grant from central Government. As most of the of the homeless strategy actions are designed around homeless prevention and early intervention, the larger costs of temporary accommodation and rehousing will wherever possible be negated. This by far not only offers the best service for the customer but is the most efficient in terms of the Local Authority</p>
Risk	Y	<p>It is a statutory requirement to have a current Homelessness Strategy. Failure to produce one would need to be explained to the Department for Levelling Up, Housing and Communities.</p> <p>Failure to consult effectively on the content of the Homelessness Strategy could result in poor quality ill-informed goals</p> <p>Lack of consultation with stakeholders is likely to result in poor engagement with these services when trying to deliver partnership projects. This will have a negative impact on outcomes for those facing homelessness and housing need</p>
Supporting Corporate Strategy	Y	Both Homes & Wellbeing are corporate themes supported by this report. The Council also has its targets of the Housing Strategy Better Homes, Better Lives.
Climate Change - Carbon / Biodiversity Impact	Y	<p>Positive impact should the Council deliver low carbon, high quality homes.</p> <p>In relation to the Homeless strategy where possible all consultation will be conducted via Teams or Zoom to minimise travel.</p> <p>Survey monkey will be used to reduce the need for paper consultation surveys.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity	Y	The key document underpinning this report is the Housing strategy Better Homes Better Lives which was subject to an equality impact assessment that will be refreshed as required.
Safeguarding	Y	Whilst no direct implications for this report, some of the proposed activity supports the needs of very

		vulnerable people. The corporate safeguarding policy will underpin all action in relation to this.
Community Safety, Crime and Disorder	N	Devon & Cornwall Police will be invited to contribute to the development of the Homeless strategy and will remain significant partners during the delivery of relevant actions in the action plan.
Health, Safety and Wellbeing	Y	This report proposes actions that will directly positively impact the health and wellbeing of our residents
Other implications		None at this stage.

Supporting Information

None

Appendices:

Appendix 1 – Downsizing policy

Appendix 2 – Review of the Homeless Strategy 2017-2022

Background Papers:

Better Homes, Better Lives – South Hams & West Devon Housing Strategy 2021-2026