

## **EAST DEVON DISTRICT COUNCIL**

### **Minutes of the meeting of Housing Task and Finish Forum held at Online via the Zoom app on 9 September 2021**

#### **Attendance list at end of document**

The meeting started at 2.05 pm and ended at 4.25 pm

#### **22 Public speaking**

There were no members of the public wishing to speak.

#### **23 Minutes of the previous meeting**

The minutes of the previous meeting held on 31 March 2021 were recommended for approval.

#### **24 Declarations of interest**

Declarations of interest.

Councillor Geoff Pook, Personal, Involved in the construction industry, Chair of a Community Land Trust and a Community Lead Housing Advisor.

Declarations of interest.

Councillor Ian Hall, Personal, Devon County Councillor. He used to have an allotment on the Millwey Rise estate, Axminster. He was the Chair of EDDC owned Millwey Rise Community Hall,. Would possibly be involved in the men's shed project in the future.

Declarations of interest.

Councillor Olly Davey, Personal, Exmouth Town Councillor.

#### **25 Matters of urgency**

There were no matters of urgency raised at the meeting.

#### **26 Confidential/exempt items**

There were no confidential or exempt items.

#### **27 Building for the future**

The Service Lead – Place, Assets and Commercialisation presented an information document from Homes for the South West entitled 'Building for the Future: levelling up the South West's economy with quality, affordable and sustainable housing'. Homes for the South West was a coalition of some of the largest housing associations in the south west and its aim was to provide safe, secure and warm homes. The document set out the importance of growing the housing stock and with the right support from Government it was committing to a £4billion investment programme to provide 25,000 homes over the next five years. It was also committing to building 25% of the homes using modern methods of construction.

Investment in affordable housing was one of the best ways to support the South West's economic and social recovery following the Covid-19 pandemic. In most areas in the country there were potential savings in welfare spending by moving families receiving housing benefits into social or affordable rented accommodation, on average £1,250 annually.

Building more homes:

- Creates jobs – both in construction and the supply chain. Every £1 spent on construction output generated £2.84 in economic activity.
- Reduces financial pressures on the treasury – for every £1 spent on construction there was a 56p benefit to the Exchequer from increased tax revenues and reduced benefits payments as the activity stimulated employment growth.
- Supports the levelling up agenda – providing training, skills and opportunities and supporting establishment of new and innovative industries.
- Increases confidence – building the confidence of consumers, investors and developers would be key to the UK's economic recovery and would ensure that country kept moving forward.

The Strategic Lead – Housing, Health and Environment explained that the document resonated with the ambitions the TaFF was trying to progress and advised members to endorse the contents.

## 28 **Feedback on Working Group meeting of 6 September with Exeter City Living**

The Service Lead – Place, Assets and Commercialisation gave an update on a working group meeting with Exeter City Living. The working group comprised of Councillors Ledger, Armstrong, Pook and Moulding, the Service Lead – Place, Assets and Commercialisation, the Housing Service Lead, the Strategic Lead – Housing, Health and Environment and the Strategic Lead – Finance. Representatives from Exeter City Living were the CEO, Development Director and an external architect consultant.

Exeter City Living were set up as a development company so they could build on the open market, delivering housing in volume in Exeter, with an emphasis on passivhaus as a design. As an organisation it had delivered 100 passivhaus schemes, including an extra care facility and a new leisure centre, with 650 units in the pipeline. There was an availability of land in Exeter (infill sites owned by Exeter City Council (ECC)) and land could also be acquired on the open market. Funding was from the Public Works Loans Board (PWLB) through ECC. Exeter City Living had two employees and all other services were procured through contractors. They were happy to work with other authorities.

The model was to build to passivhaus standard which produced highly energy efficient buildings and showed the benefit of design. Passivhaus had 5-6% above average build costs and therefore needed to be let as affordable units through the Housing Revenue Account rather than social rent. However as the running costs of these properties were less the overall outgoings including rent were comparable. Advantages of passivhaus included 60 year warranties on windows, render and other key components, so ongoing maintenance costs were likely to be lower. Members were reminded that passivhaus standard was not the only method of constructing carbon neutral buildings. Advantage South West was looking at creating a framework of developers who used low carbon methods.

The main themes were:

- Definition of affordable – overall running costs and rent.
- The development model was complex but at the same time straightforward with clear arrangements with ECC and governance, with a very clear business model and objectives.
- The need for strong, informed and educated leadership – building strong relationships with trust and experience.
- Climate change.
- Three 'C's – control, change and commercialisation.

The Strategic Lead – Finance explained that the Exeter City Living was not significantly different to the Council's original model, East Devon Homes. The big difference was that their business plan assumed losses for at least five years. It was funded from Exeter City Council who helped run the company and used it for development.

The Strategic Lead – Housing, Health, Environment stated that there was a clear link between Exeter City Living and TorVista Homes delivered through Torbay Development Agency. Both companies had taken the brave step to invest a lot of money, provide staffing and allow its housing company to be loss making for the first five years. It was noted that EDDC did not have the same landholdings to make available for housing development as ECC, but a review of corporate assets could identify opportunities.

The TaFF were advised to endorse the report and members thanked the officers for the interesting update.

## 29 **Affordable Housing TaFF conclusions report**

The Strategic Lead – Housing, Health and Environment presented a conclusions report which pulled together the work of the TaFF and made a series of suggestions for its primary objective of delivering an increase in the supply of new affordable and social housing. Having explored a variety of housing delivery options it was recognised that there was no single model and adopting a range of delivery vehicles would mostly likely achieve the ambition of a 'step change' in the output of affordable/social housing.

It was acknowledged that increasing outputs of affordable/social housing required considerable commitment, investment, resources, skills and opportunities. The provision of affordable housing was costly and social housing even more so. Developing and sustaining a pipeline of new build housing schemes would require a dedicated task force or project team with a range of skill sets to give the best chance of achieving the stated ambitions. It would require a risk appetite and a financial model that demonstrates that programmes were financially viable over the long-term.

It was noted that the Council currently produced 200-300 new affordable homes per year. The Housing Revenue Account (HRA) contribution to this output was 20-30 homes per annum. The need for housing undoubtedly existed, with demand outstripping supply and an increase in the housing register and homelessness. However, there were competing pressures on the HRA from decarbonisation and modernisation projects, tenant safety and property repairs.

The TaFF had learnt the following points:

- Vision - what was to be achieved needed to be supported by a strategy and business model.
- Ambition – political ambition and clear community support.

- Investment – schemes were often not financially viable and large investment was required.
- Capacity & resources – these needed to be sufficient to deliver the ambition.
- Opportunities – for example land availability and preferred partner status.
- Risk appetite – this needed to increase.
- Sustained focus – maintain the drive for delivery of housing to be a priority.
- Create a pipeline of opportunity.

The TaFF had discovered that there was a variety of delivery methods for increasing the output of affordable/social housing and that there was no ‘one size fits all’. Considerable resources and finance would be required, with a dedicated team to focus on and ensure delivery. It was advantageous to work in partnership. There was an opportunity in preparing the Local Plan to ensure that the adopted policy supported and optimised the opportunities for affordable housing delivery. There were significant capital and revenue implications and a fully costed appraisal had not yet been undertaken.

The Strategic Lead – Housing, Health and Environment’s report concluded that in order to achieve the TaFF’s ambitions of a ‘step change’ in output of new social/affordable housing the Council needed to adopt all or some of the following recommendations:

- Creation of a social housing task force through a combination of new appointments and secondments into a dedicated, single purpose, multi-disciplinary team managed within the Housing Service;
- Confirm increased output of social/affordable housing as a Council Plan priority;
- Establish a member Social Housing Delivery Group to support and oversee the delivery of social/affordable housing;
- Implement the range of delivery options contained in the report to the December 2020 TaFF;
- Recruit additional Enabling Officers to work in the social housing task force to support Registered Providers; Community Land Trusts and the Council deliver more social/affordable housing;
- Recruit a project manager to build up a programme of development projects and manage the specialist professions input required to deliver social/affordable housing projects;
- Identify and create secondment opportunities within the Council;
- Source support from an Registered Provider partner with a strong track record in development to help us ‘kick start’ a development programme;
- Establish a pipeline of development opportunities to form a programme of sites/schemes;
- Undertake an audit of corporate sites and identify any suitable for housing development;
- Operate a site finding, feasibility and viability process with a view to land banking sites that contribute to the pipeline;
- Promote the Council as preferred developer through the planning system;
- Align Planning Policy with affordable housing ambitions to optimise output of social/affordable housing;
- We need to consider our risk appetite and produce a risk register that allows us to make calculated development risks;
- Utilise the HRA development fund and develop funding models that enable us to sustain a pipeline of social/affordable housing development;
- Produce a fully costed project appraisal document for the task force/project team.

During further discussions the TaFF were asked to consider the following points:

1. What is the objective?
  - a. To own and develop a housing asset
  - b. To make a surplus/profit
  - c. To cover costs
  - d. To deliver appropriate housing for social or affordable rent
  - e. To deliver shared ownership housing
  - f. To manage rental housing owned by others
  - g. To be a model landlord in price and quality
  
2. Where is the site coming from?
  - a. Existing HRA
  - b. Existing EDDC
  - c. Market price site
  - d. Exception site
  - e. Affordable element of commercial development
  
3. What size and projects and what demand?
  - a. Urban 50 or more 20 or more 10 or more
  - b. Rural up to 6 to 15
  - c. Rural infill less than 6 but requested by community
  
4. Delivery method?
  - a. We are developer, employing architects, PM and contractor
  - b. We are developer with inhouse design and or PM and contractor
  - c. We work with developer, but developer undertakes all build functions
  - d. We support community build
  
5. Finance?
  - a. Provide all development capital
  - b. Provide site as a share of development capital
  - c. Provide no development capital but agree to purchase complete units
  - d. Grant support
  - e. PWLB loans
  - f. Cross subsidise from market sales
  - g. Shared equity sale income
  - h. Long term loan serviced by rental income
  
6. What structure in EDDC?
  - a. Part of HRA/Housing with officers totally or partially assigned
  - b. Within wholly owned company with officer support or secondment
  - c. Within wholly owned company with commercially targeted/incentivised management

It was suggested that EDDC should be the enabler/support rather than the direct implementer in order to progress initial development. The focus should be on providing social housing, but to deliver that other types of housing should not be precluded. It was important to deliver the type of housing to make the scheme viable.

**RECOMMENDED:** that the Housing TaFF recommend to Cabinet and Council the recommendations set out in section 4 of the report, with the following addendums:

1. Identify EDDC or market sites or existing developer led sites.

2. Develop agreements with developers for them to develop and make profit with EDDC having a portion of market and/or affordable/social houses to reflect the Council's contribution to the development. This will enable us to identify skills, models and opportunities.
3. Concurrent with 1. Identify communities that need support to develop a community-led housing scheme by offering technical and financial support.
4. In the meantime develop flexible models to get proof of concept.

**Attendance List**

**Councillors present:**

M Armstrong  
K Blakey  
O Davey  
I Hall  
D Ledger (Chair)  
A Moulding  
G Pook

**Councillors also present (for some or all the meeting)**

P Arnott  
P Faithfull  
G Jung  
T McCollum

**Officers in attendance:**

Tim Child, Service Lead - Place, Assets & Commercialisation  
Simon Davey, Strategic Lead Finance  
John Golding, Strategic Lead Housing, Health and Environment  
Debbie Meakin, Democratic Services Officer  
Alethea Thompson, Democratic Services Officer

**Councillor apologies:**

P Hayward  
H Parr  
E Rylance

Chairman .....

Date: .....