

EAST DEVON DISTRICT COUNCIL

Minutes of the meeting of Housing Company Task and Finish Forum held at Online via the Zoom app on 8 October 2020

Attendance list at end of document

The meeting started at 12.00 pm and ended at 2.15 pm

1 Terms of reference

The Forum noted the terms of reference, as agreed by Cabinet. These were:

To assist the Council in ensuring East Devon Homes Limited (the Council's housing company) is fit for purpose by; re-evaluating the business model, considering alternative business models, its role in the delivery of housing generally and how it might meet the aspirations of the Council in relation to affordable housing, working with the Housing Review Board and the Housing Revenue Account to explore options for housing delivery.

2 Public speaking

There were no matters raised by the public.

3 Appointment of Vice Chairman

Nominations for Vice Chairman were received for Councillor Ian Thomas and Councillor Ian Hall.

RESOLVED: that Councillor Ian Thomas be appointed Vice Chairman of the Housing Company Task and Finish Forum.

4 Dates of future meetings

The Forum agreed to decide on dates of future meetings once the scope of the Forum's work objectives and strategy of the housing company had been considered.

5 Current Business Model of East Devon Homes - Purpose and challenges

The Strategic Lead – Housing, Health and Environment outlined the current business model of East Devon Homes and explained that the original purpose was to complement EDDC's social housing role. The housing company was established in 2017 to be wholly owned by the council with the purpose of providing housing in the general market (outside the Housing Revenue Account (HRA) and to generate a profit to provide income to the council's general fund. The company was established at a time when the government was encouraging innovation and many housing authorities were establishing new delivery vehicles for housing. It sat within the council's investment and commercialisation agenda and recognised the constraints of the HRA.

The vision was to deliver housing in order to meet the following objectives:

- To meet local housing need in East Devon;

- To allow the council to act as a key player in housing provision in the district and potentially further afield;
- To facilitate wider stimulation of the economy through delivery of more housing;
- To provide a more commercial dimension to the council's delivery model;
- To maximise the benefits of the council's borrowing power and access to affordable finance.

It was noted that to date there had been no acquisitions, either due to propositions not being viable or opportunities being redirected through the HRA.

The Forum discussed in detail the housing company and the following points were raised:

- The housing company was a great opportunity to look into long term investment in social housing.
- Providing permanent accommodation was more cost effective than using temporary accommodation.
- The council should consider purchasing brown field sites in the district on which to build houses.
- Building houses could be tied in with developing skills and training and employing local people in the building industry, therefore also raising earnings and employment in the area.
- There was an opportunity for the housing company to also deliver social good.
- The need for affordable housing was incontestable, with a significant increase of affordable housing in the district required.
- The housing company was not a registered provider and therefore could not bid for government funding. However, this funding could be bid for through the HRA.
- Affordable housing required significant subsidy. This was possible through the HRA but not the current housing company business plan.
- Research should be undertaken and lessons learnt from what other local authorities were doing. It was noted that recently there had been a huge slowdown in investment from these local housing companies.
- There should be direction from the housing company to help self builds. The council could purchase the land and provide planning permission and then assist people to build their own homes, thus creating much needed properties and bringing people together.
- It was important to be clear on whether the housing company was trying to achieve social good or financial reward. The HRA was well placed to deliver social housing as it was a registered provider, therefore how could the housing company deliver housing better than the HRA. If the aim was to provide social housing then this should be done through the HRA.
- The HRA could be used to build houses as well as purchase them. This had been done in the past, with expertise being bought in by the council to help deliver this.
- There were other pressures on the HRA, such as the carbon neutral programme and tenants' safety, which required greater investment in the existing housing stock.
- The HRA was the best vehicle for delivering affordable housing, but the HRA was ring fenced, borrowing was limited and there were constraints it had to operate under.
- It was vital to be clear on what the housing company was trying to achieve and focus on the skills and successful elements. This included resourcing and

whether this was available in-house and if not, then how the skills could be acquired.

- What could the housing company do that could not be achieved by using the HRA. Could it be possible to mould the housing company and the HRA together in the future?
- There was a desperate need for housing that was actually affordable.
- The social housing waiting list was huge.
- EDDC was not a business. It was a council, with the role of improving the lives of its residents, rather than making money. There was a risk involved in the council acting as a business.
- It should be recognised that the council did not have the expertise to understand the value chain in markets and should consider buying in such expertise.
- There was an opportunity to raise ideas, such as how the council could work with self-builders or community land trusts.
- An arm's length, not for profit organisation could be set up that allowed any proceeds to go back to the council to help plug the gap in funding. Local contractors and self-builders could be used with the main objective of providing social and affordable housing.
- The forum needed to look at the objective and then look at the best vehicle to achieve it.
- The forum should be aware of land availability and that the housing company would be competing in a tough environment against registered providers and established developers.
- The Council had very clearly stated the provision of subsidised housing was an absolute priority, and this was stated in the Council Plan and various strategies.

The forum were advised to consider what it wanted to achieve and then to decide how it was going to achieve it. It needed to take stock and set the strategic direction the council wanted to go in, and then decide how the housing company could deliver this. It was pointed out that the Council Plan, Housing Strategy and Housing Service Plan clearly articulated the delivery of more affordable/social housing as a corporate priority. The Housing Company was originally established to make money for the council to plug a gap in funding. The forum should now consider what it wanted to deliver and the most appropriate way to deliver this. It was suggested that the Service Lead – Place, Assets and Commercialisation produce a list of options and lines of enquiry for the forum to consider at its next meeting.

RESOLVED: that the current business model of East Devon homes be noted by the Housing Company Task and Finish Forum.

6 **Housing Need**

The Service Lead – Planning Strategy and Development explained that in 2019 the council appointed consultants to undertake an assessment into future housing needs for East Devon. The brief was specifically concerned with understanding the needs for all sectors of the East Devon community at differing stages through their lives. He presented the executive summary to the forum. The full report could be used as an evidence base for the new Local Plan.

The report showed an acute need for affordable housing in the district, with average salaries in the area being far below average house prices, making house purchases unaffordable for many. There was a huge proportion of people (1,824 households) living in unsuitable housing. In order to meet housing need over the period 2020 to 2040 there

was an annual average requirement of 461 affordable homes per year. There was a projected growth of 656 households per year in the district.

The report identified housing needs for all stages of life. The consultants indicated the need for around 6,412 additional sheltered/extra care homes and a minimum addition of 4,827 adapted homes for those with long-term illness or disability in East Devon for the period from 2020 to 2040. It was suggested that the forum be mindful of how the housing company could meet some of these needs.

The forum agreed that this report highlighted and reinforced the real housing needs of East Devon. Housing in the district was becoming more unaffordable. The council should be focusing on delivering what people wanted, for the benefit of the residents of East Devon. There was a need to realign ambitions and aspirations to a much higher housing need figure.

It was noted that housing need in urban areas would always be hard to deliver due to the limited availability of land. It was also important to address housing need in smaller towns and villages and the ability to keep people in their family groups/where they had grown up, with community support. It was important to house people in the right house as well as in the right location.

In response to a question, the Strategic Lead – Housing, Health and Environment outlined the council's arrangements for spending right to buy receipts and the tight restrictions and regulations around this. The process and schedule for spending of right to buy receipts was regularly reported to the Housing Review Board.

RESOLVED: that the Local Housing Needs Assessment 2020-2040 report be used as the basis for defining where the shortfall is in housing for East Devon.

7 **Review of what the TAFF would like to achieve**

The task and finish forum identified there was a clear need for affordable housing in the district, however they felt that they need more information on the options available to deliver this.

RESOLVED: that the forum recognised the clear desire to increase social housing and would look at options to facilitate this, as well as reviewing the legal framework and limitations of the housing company and what it was set up to achieve.

8 **Forward Plan**

Suggestions for inclusion on the forward plan included:

- Consideration of how other local authorities who had created housing companies operated, and lessons to be learnt.
- Methods for passive house and modular delivery (modern methods of construction) of housing to facilitate provision of affordable housing.
- Look at innovation in the housing sector.
- Delivering on the green policy, social policy and housing policy.

Attendance List

Councillors present:

M Armstrong
O Davey
P Hayward
D Ledger (Chairman)
A Moulding
E Rylance
I Thomas

Councillors also present (for some or all the meeting)

P Arnott
P Faithfull
M Howe
S Jackson
J Loudoun
T McCollum
P Millar
G Pook
M Rixson
J Rowland

Officers in attendance:

Tim Child, Service Lead - Place, Assets & Commercialisation
Simon Davey, Strategic Lead Finance
Ed Freeman, Service Lead Strategic Planning and Development Management
Jo Garfoot, Acting Housing Service Lead
John Golding, Strategic Lead Housing, Health and Environment
Henry Gordon Lennox, Strategic Lead Governance and Licensing
Susan Howl, Democratic Services Manager
Alethea Thompson, Democratic Services Officer
Anita Williams, Principal Solicitor (and Deputy Monitoring Officer)

Councillor apologies:

K Blakey
I Hall

Chairman

Date: