

Strategy for New Council Homes

2020 - 2024

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Appendix A – Strategy for New Council Homes - Action Plan

1. Introduction

The Housing Strategy 2019-2024 sets the context for this strategy and provides detail on why the delivery of affordable housing remains a key priority for the Council. There is an assessed need for 446 new affordable homes every year in the district. The local housing market is becoming increasingly polarised between those who were able to buy properties at a time of better wage to house price ratios, and those households who are struggling to access suitable properties.

The Council works with a wide range of Registered Providers (housing associations) as well as rural and community housing groups in order to maximise the delivery of much needed new affordable homes. This strategy sets out how the Council will contribute towards meeting this need by continuing the delivery of its own house building programme, which to date has delivered 239 new homes.

2. Our Local Landscape

The Stroud District is a largely rural area covering 175 square miles in the south of Gloucestershire. Much of the eastern half of the district falls into the Cotswold Area of Outstanding Natural Beauty, which covers just over 50% of the District's total land area. The western half is characterised by the low lying river landscape of the Severn Vale and is bounded by the Severn Estuary and includes extensive areas of land liable to flooding which extends eastwards along the river corridors within the Stroud Valleys. The district contains internationally important wildlife sites at the Severn Estuary, at Rodborough Common and a beech woodland straddling the north eastern boundary with Tewkesbury. The district has rich built heritage, including 42 conservation areas in a wide variety of towns and villages each of which are unique in character.

The district has a significant shortage of affordable homes and high average house prices compared to the Gloucestershire average.

Stroud has a population of 118,130 (2017) and over 50,000 households. There are currently 47,640 private homes in the district with 4,991 properties in the ownership of the council and 1,752 housing association homes. The population is predicted to grow to 136,000 by 2041. There are currently over 3147 people on the housing register.

There are currently 21,114 young people (aged 0 – 15), 70,802 working age adults and 26,214 retirement age adults. The increase of people of pensionable age is anticipated to rise significantly in the future as a result of rising life expectancy and the demographic impacts of two generations of baby boomers.

The Stroud district benefits from a vibrant community spirit, offering a mix of culture and countryside. The towns benefit from a range of independent cafes and shops all set in a picturesque location, which is proving to be a popular choice to live and retire in, particularly with the larger towns of Cheltenham, Cirencester and Gloucester not far away.

3. The Corporate Context

Prior to the Covid-19 pandemic, the need for the provision of new affordable council homes was set out within the context of the Council's Corporate Delivery Plan for 2019/20, which maps out Stroud District Council's vision, priorities, and challenges over the coming year, with affordable housing being one of the five key priorities for the Council

“to provide affordable, energy efficient homes for our diverse and changing population”.

The Corporate Delivery Plan is supported by the Housing Strategy with one of its objectives being:

“to deliver a new programme of adaptable, flexible, affordable Council homes providing a range of property types and tenures that meet the needs of the district and that address the move towards a Carbon Neutral District by 2030”.

This spring, in the lead up to all-out elections in May, the Council had intended to begin a conversation, within the council, and externally with the wider community, about what its plan would be for the district for the next five years. The intention was to use this work to inform the incoming political administration after the elections, so the council could be ready to adopt a new plan in the autumn of 2020. The coronavirus crisis, and the postponement of the district elections until 2021, has delayed this work.

The Covid-19 pandemic has led to a dramatic change in much of the council business and ways of working to cope with the pandemic, and the postponement of elections until 2021. This has impacted on the Council's Corporate Delivery Plan, as key actions have had to be delayed and will need to be reviewed in the light of the ongoing impact of the crisis.

The Covid-19 pandemic continues to cause significant impact and hardship in many different ways across our communities and early predictions are that this is set to continue. There is a need for clear leadership by the Council and partners to work with our communities, moving forward from the response phase of the crisis towards longer term recovery.

The Council has therefore adopted a new strategy - 'Recover, Reset and Renew: A Strategy for Stroud District 2020 – 2021'. The purpose of this strategy is to set a framework for a cross-party, community and business response, to come together to think through recovery, reset the Council's approach for new post Covid-19 circumstances and lay the foundations for longer term renewal across our district. The Council will set

out a planned transition from recovery towards a vision and plan for longer term renewal. This will in effect become the Council's new Corporate Delivery Plan.

Four key external and community focussed work streams have been identified with Affordable Housing and Homelessness being one of those. The Council recognises that everyone needs an affordable and decent home to live in, and ensuring everyone in the district can access decent housing, must remain a top priority for the council. This is even more important now as the economic downturn caused by the crisis will see many local people's incomes suffer. The Council also needs to support people and families who have been immediately affected by the crisis and facilitate sustainable housing solutions.

Even before the Covid-19 pandemic, Stroud district had a pressing housing need, with 2940 people on the Housing register (at 8 June 2020). The severity of housing needs within that total vary, but 436 were considered to meet the statutory definition of homelessness and 292 were reported to be living in "insanitary or overcrowded" accommodation across the district– some will be in both categories, as will 378 who needed to move on medical or welfare grounds.

This recovery work stream will encompass action to tackle housing needs on a variety of fronts, such as: increasing supply of affordable homes of all tenures, action to prevent housing debt in all sectors, action to provide temporary housing where homelessness arises and action to ensure that best use is made of housing stock in all tenures. The Housing Strategy remains but will be seen through the lens of the impact of the coronavirus and will be refocused through this recovery work stream to address these actions.

The Council's Older People's Housing Strategy was adopted in April 2019 with its vision of "providing good quality older people's housing which meets a variety of current and future needs – where people want to live." Whilst a large proportion of the strategy is focused on the modernisation and future use of the Council's existing housing stock for older people, the provision of new council homes for older people is also an important part of the strategy with the emphasis on providing homes that will enable people to live as independently as possible and to provide a range of accommodation to meet a variety of needs. One of the 6 strategic objectives is that:

"New homes should be designed to be dynamic allowing flexibility and adaptability for the future".

The Council's house-building programme plays an important role by supporting the local economy and jobs and providing the much needed new affordable homes across the district and so remains a key priority for the Council. This Strategy for New Council Homes supports this priority in its recovery plan and includes key strategic objectives for the provision of new homes to meet the diverse needs across the district whilst also reconfirming the actions contained within both the Housing Strategy and Older People's Housing Strategy with regard to the provision of new homes.

The diagram below reflects how the Strategy fits within the wider corporate context.



Diagram 3.1 Link to wider corporate context

4. The Story So Far

The Council began building its first new Council homes for 30 years in 2014 and by June 2019 had added 239 new homes to its housing stock. This has mainly been through the regeneration of sites following the rehousing of residents and the demolition of non-traditional properties that had reached the end of their economic life and replacing them with a mix of property types and tenures to meet the current housing needs.



By 2018 the Council had reached its borrowing cap and so a further programme of schemes was not thought to be possible until, on the 29 October 2018, the government confirmed that the HRA borrowing cap would be abolished with immediate effect. Since then a further pipeline of schemes has been developed. This is summarised in the report to Housing Committee, [SDC's New Homes and Regeneration Programme and District Wide Affordable Housing Delivery](#) dated the 19 June 2019.

The current focus has been on sites brought forward as part of the Council's Sheltered Modernisation Programme by redeveloping land occupied by sheltered housing schemes that have been decommissioned, as they no longer offer a sustainable solution to meeting the needs of the older population, to provide a mix of general needs and more suitable older persons housing.

The Council has also been focusing on its garage sites and other land holdings to identify those that are suitable for redevelopment for affordable homes and has carried out a review of land available on the open market for purchase.

Within the Council's current MTFP, a budget of £22.8 million has been approved for a further 111 new homes to be delivered over the next 4 years together with a land acquisition fund of £3 million.

The purpose of this strategy is to set out the objectives for the delivery of these new homes, to identify the priorities for the purchase of more land and to set out the methodology for setting the type, tenure, location and standards of accommodation for the building of more Council homes beyond the current MTFP.

A workshop session has been held with officers from across the Council together with consultation at two Housing Review Panels and further consultation with key officers to gather input from both members and officers. The result is a set of strategic objectives which need to be

achieved to deliver SDC's vision for its new council homes and the action plan provides a list of robust actions to ensure delivery of this Strategy, in turn achieving SDC's vision.

5. Vision

To positively contribute to the provision of affordable, good quality, energy efficient homes that meet current and future needs.

6. Strategic Objectives

This Strategy seeks to deliver seven strategic objectives, the building blocks of the programme, as follows:



These building blocks will shape the provision of new, good quality, affordable homes for the Council to meet a range of needs for the diverse population.

1. Be agile in assessing land opportunities and maximise existing land holdings to exploit the limited supply of land available across the district.

The local landscape as set out in section 2 limits the land available for development with the large house builders tying up options on the few large strategic sites across the district.

It is therefore important that the Council maximises its assets and wherever possible seeks to find development opportunities within its own land holdings. The homes built to date have all been on land owned by the Council predominantly through the regeneration and redevelopment of sites previously occupied by homes no longer fit for purpose or by the increasing the number of homes on existing sites due to the large footprints and gardens of some of the older stock.

This will continue to be an important part of the programme and will sometimes involve the rehousing of existing tenants into suitable alternative accommodation to enable demolition and or the purchase of properties, previously sold through the Right to Buy, for land assembly purposes. These sites may come forward following option appraisals on existing stock which determine that redevelopment is the best value for money approach for a particular group of homes.

In accordance with Older People's Housing Strategy, the conversion of the communal lounge for those schemes identified as Independent Living where no communal facilities are proposed, will create further new homes.

The land owned by the Council which is suitable for development is a limited and finite resource and the Council also needs to identify land for purchase on the open market or by negotiation. This will need officers to be able to compete with developers for these sites and to act quickly with offers. Approved budget and assessment criteria for land purchases will be developed and agreed with members. The Council will need to be bold in acquiring and developing sites, acknowledging that there are often objections from the local community to this type of development but being prepared to support projects that meet the need for more affordable homes in accordance with the Council priorities.

The Council will consider the provision of funding for affordable homes to support the regeneration of town centres and key strategic sites across the district.

Staff resourcing will be reviewed to ensure that the Council can respond effectively to land opportunities.

2. Understand and address the diverse needs of the district in both tenure and property type.

The Council aims to deliver homes to meet the diverse needs across the district and whose needs are not met through the existing stock. It will also develop schemes to enable people to remain in their communities and to build homes to free up existing stock. The type and tenure for each site will be assessed at an early stage taking into account priority needs, location, topography, viability and other stock in the area. The overriding need is for rented accommodation and this will be the dominate tenure on all sites.

The properties will be let through the Homeseeker policy and in certain circumstances a Local Lettings Plan will be introduced for first lettings to create balanced and sustainable communities. Where rural exception sites are developed these will be let to people with a local connection to the Parish.

The continuing inclusion of additional tenures within the development programme will provide housing that meets the needs of a growing number of households for whose income would make it difficult for them to access the private market but have aspirations of home ownership. The shared ownership properties will be allocated on a first come first served basis, the exception being that priority must continue to go to serving military personnel and former members of the British Armed Forces discharged in the last two years, within set household income criteria, in line with the requirements of Homes England, following an affordability assessment, and are advertised through Help to Buy South.

The need for homes for people with physical and learning disabilities will also be explored and homes developed to meet the particular needs of those with mobility issues, regardless of age, will be pursued on suitable sites. Dementia friendly improvements and practices will be considered across new Independent Living schemes.

Move on accommodation for rough sleepers has been highlighted by the pandemic as a pressing need and the Council will explore the purchase of suitable properties to meet these needs with support for this client group provided by a partner agency.

Private rent or sale may be appropriate on larger sites where the inclusion of some of these units may make a scheme financially viable.



3. Design good quality, sustainable, dynamic, energy efficient homes that address the Council’s carbon 2030 commitment.

The new homes will be delivered on the basis of a detailed Employer’s Requirements that addresses energy efficiency, good space standards, flexibility, adaptability and safety with the aim of enabling people to live in their homes as independently as possible for as long as possible as their needs change.

Each new home where possible will be built to building regulations Part M4 (2) or Part M4 (3) and will meet the Council’s approved SDP space standards.

The specification addresses the Council’s carbon 2030 commitment and is based on a fabric first approach with further specification items added to achieve a minimum SAP rating of 86, which equates to an EPC rating of B and which has been estimated would deliver a reduction on emissions on Part L in the building regulations of 27%.



As the programme progresses officers will work with colleagues from across the Council and take advice from external agencies to establish how it is going to move closer to the draft local plan policy levels, how the carbon offset may work to deliver carbon neutral homes and how to address the balance between the costs of increasing energy efficiency on new build homes against that of existing stock.

Each time a scheme is tendered a review of the specification will be undertaken as technology, the market, government subsidies, etc. enables the Council to move to greater energy efficiency and will put it in a position to address the requirements set out in future changes to the building regulations on this matter and the policies that are finally adopted in the Local Plan.

Modern methods of construction will be explored to establish the benefits for speed of delivery, cost and thermal efficiency for the type of sites being developed by the Council. The small sites do not necessarily lend themselves to this type of construction due to the necessary bespoke nature of the designs and the experience of others working on similar sites will be sought.

4. Build new council homes that strengthen communities and growth in the local economy

New homes will address the needs of the communities within which the individual sites are located, particularly on the rural exception sites where the mix of homes specifically address the results of Parish Housing needs surveys or when identifying those sites that are particularly

suitable for the provision of older people's accommodation due to their topography and access to facilities. The Council recognises that it is well placed to deliver on those needs not being met by others within the district and that make a difference to communities and individuals. These schemes will form an important part of the programme.



Included within the selection process for the procurement of consultants and contractors for the programme, social value will always be part of the criteria. The partnering approach will enable a team to be formed for a number of projects enabling training and apprenticeship opportunities to be explored due to the ability to roll trades forward on to the next project giving the contractors continuity of work to contribute towards our local wealth building agenda.

Local letting plans will be used for first lettings where appropriate to create mixed and balanced communities.

5. Underpin the programme with good project management addressing the key principles of risk management, value for money and resourcing.

Right to Buy Receipts

The Government has increased its discounts available to tenants who want to take up the Right to Buy. This has resulted in an increase in the numbers of tenants choosing to purchase their council home. In 2019/20 a total of 21 properties were sold under Right to Buy, with a total capital receipt of £2,467k.

Local authorities are able to retain an element of the receipts from Right to Buy sales for replacement housing, provided that they sign an agreement to limit the use of the Right to Buy receipts to 30% of the cost of new affordable rented homes and spend the receipts within a 3-year window. The remaining 70% of spend must come from other resources, such as revenue resources (i.e. from rental income), borrowing, or capital receipts.

The Council will maximise these receipts by building up a pipeline of schemes and using them together with other sources of funding to fund the affordable rent part of the programme. Should schemes not be deliverable within the 3 years then the Council will look to purchase on the open market to prevent the return of the receipts to central government.

Homes England Affordable Homes Programme

Homes England provides grant funding from central government to registered providers of social housing to deliver new affordable homes. The Council is an Investment Partner with Homes England and in recent years has secured grant funding in the sum of £2.845 million to support the delivery of its new council homes from both the 2015-18 Affordable Homes Programme and the 2016-21 Shared Ownership Affordable Homes Programme. The Council will seek funding from further programmes announced by the Government and, as the shared ownership element of the new homes programme is not able to be funded from Right to Buy receipts, the Council will bid for grant funding to support the delivery of these homes together with the sales income for the share purchased and the rental income on the unsold equity.

Garage and land sales

The Council has a Small Sites and Garages Disposal Programme and land or garages sites that are not considered suitable for development by the Council for new homes are sold on the open market or to Registered Providers, many with planning permission, to generate income for the new homes programme. The programme has raised receipts of over £5.7m since it started in 2016. It is expanding and will extend over the next 3 – 5 years, generating further capital, adding affordable and private housing to the district's stock and giving opportunities for individuals and businesses in the District.



Other sources of funding

Funding through cross-subsidy by building for sale, or other models of affordable housing including shared ownership will continue to be explored. The Council has developed 34 shared ownership properties and will continue to provide an element of shared ownership on the larger sites or where a mix of tenures assists with the viability of the scheme. Other opportunities through joint venture approaches may present themselves over the lifespan of the strategy, similar to the award winning scheme at Minchinhampton.

Seeking opportunities for funding is considered as sound activity to future-proof the Council's plans within the HRA, in the case that any of the assumptions in that business plan have to be amended due to external factors such as rent setting by central government or changes in CPI, RPI and interest rates. Different development models will be explored and these will be considered on a site-by-site basis.

Rents

Government policy for building new affordable housing is that the capital costs should largely be met from rental income. For new build schemes the Council has a policy to charge Affordable Rents, which are 80% of market rents, and that these should be capped at the Local Housing Allowance level.

The rents for the unsold equity for the shared ownership properties is currently set at 2.5%. This will be reviewed for future schemes when assessing viability and affordability.

Viability assessments

To ensure that the HR can fund the development of new homes each scheme must be properly assessed for viability and a reasonable correlation between the cost of delivery and the rental income. It is also essential that the impact on the business plan of each scheme is costed and understood and that the cumulative effect of the programme is affordable in the context of the wider HRA 30-year business plan.

Proval software is used to carry out these assessments with the assumptions around inflation, interest rates, maintenance and management allowances etc. reviewed on an annual basis to ensure that they are in line with the assumptions made in the 30-year business plan.

The Council will need to pay market value and, in some cases, possibly more. All affordable housing development requires subsidy. It needs to be recognised that there should be some flexibility with financial parameters when assessing schemes, as the potentially unquantifiable social, economic or environmental benefits of a development may be significant.

Procurement/ DPS

The procurement of contractors and consultants for the news homes programme follow the Council's Contract and Procurement Procedure Rules and Westworks Dynamic Purchasing System has been used to select an employer's agent, principle designer, clerk of works, architect and contractor for the next schemes. This has the advantage of having one team working across a number of schemes and moving on to the next schemes based on performance using KPI data. There can be learning across the sites that can be taken into each scheme and having the team on board at the inception enables value engineering to be done at the early design stage. Time is saved by not having to tender schemes individually.

A strong project management approach is adopted with the use of SDS sequel software that provides a workflow and cashflow facility in order to plan and monitor the programme and budgets for schemes.

Risk assessments are carried out at the start of each project and reviewed throughout the life of the scheme.

6. Engage with tenants and other key stakeholders to learn from projects to continuously improve the homes that are delivered.

The Council will carry out new homes surveys once the tenant has lived in the property for 6 months to obtain feedback. This will help the Council to establish whether changes are required, particularly to its specification, for future schemes to continuously improve the homes that we provide. With the introduction of new technologies over time to meet our carbon 2030 commitments, this will also include feedback on running costs and ease of use for tenants.

The Council will engage with the existing tenant ambassadors and tenant representatives on Housing Committee. Consultation will take place with local residents to seek their feedback on the proposals and to inform the design prior to planning applications being submitted.

Post completion reviews will be carried out with officers from across the Council and with the consultancy team and the contractor to learn from each project to feed into the next.

7. Work in partnership to maximise the delivery of affordable homes across the district.

The Council has strong established links with a number of Registered Providers who make a significant contribution to the supply of affordable homes across the district. It is important that this continues and it is not the Council's intention to compete with them. A number of Community Land Trusts also work within the district providing affordable homes. The Council intends to work alongside its partners, learn from best practice and envisages a complimentary approach to the delivery of affordable homes.

Other registered providers will continue to provide a vital role in delivering the affordable homes via section 106 agreements and other opportunities brought to them, and identified by them, to provide a range of affordable housing products. Where a developer has an obligation to provide affordable homes under a Section 106 agreement the Council will always encourage them to work with one of its partner providers. In certain circumstances the Council will consider acquiring units from a developer, for instance where no housing association has expressed a wish to acquire them or for strategic reasons it makes sense to acquire the units, e.g. on brownfield regeneration sites.

Internally, the New Homes and Regeneration team will continue to work closely with its colleagues in planning services with the case officer and the wider team including biodiversity, conservation, water resources and arboriculture.

The Council has recently become a member of the Gloucestershire Rural Housing Partnership for the delivery of schemes on rural exception sites and will work with the rural housing enabler to identify suitable sites to meet local need. Through that partnership it will be decided which provider is best suited to deliver schemes in each Parish.

The Council will pursue opportunities to acquire public land from other public bodies such as the County Council.

7. Governance

The programme of new homes is delivered through the New Homes and Regeneration Project Team within the Council. A strategic and operational team is consulted as part of the officer approval process for each scheme with terms of reference set for each. The former, the New Homes and Regeneration Project team, has representation from senior officers from across the Council including tenant services, housing strategy, housing advice, property services and finance. The operational team includes officers from tenant services who will take on responsibility for the ongoing maintenance and management of these properties once they are complete and handed over and added to the Council's stock.

Housing Committee is the decision making body for the Programme outside the scheme of delegations.

The governance structure will be reviewed following the restructure of the organisation to ensure compatibility with the corporate project management approach.

8. Monitoring and Review

Monitoring of the Action Plan

This action plan (*Appendix A*) will provide a robust method of monitoring delivery of the strategic objectives to achieve the Council's vision for its new council homes.

The action plan will be monitored on a bi-monthly basis by the New Homes and Regeneration Manager, with progress made being reported on an annual basis to Housing Committee.

Review of the Strategy & Action Plan

The strategy and the action plan should be reviewed fully by the New Homes and Regeneration Manager by April 2021, with any changes to the strategy reported to Housing Committee.

Document Owner: Leonie Lockwood, New Homes and Regeneration Manager

Date for Review: September 2021