

**Meeting date:** 19 SEPTEMBER 2018  
**Report to:** CABINET MEMBER FOR ENVIRONMENT  
& HOUSING



**Subject/report title:** STRENGTHENING THE DELIVERY OF AND ACCESS TO HOUSING

**Report from:** Assistant Director Growth & Development

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**Wards affected:**

- All Wards |  Bickenhill |  Blythe |  Castle Bromwich |  Chelmsley Wood |  
 Dorridge/Hockley Heath |  Elmdon |  Kingshurst/Fordbridge |  Knowle |  
 Lyndon |  Meriden |  Olton |  Shirley East |  Shirley South |  
 Shirley West |  Silhill |  Smith's Wood |  St Alphege

**Public/private report:** Public

**Exempt by virtue of paragraph:** Select an Exemption paragraph from the Quick Parts drop-down list

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**1. Purpose of Report**

- 1.1 To review progress against the approved Action Plan for strengthening the delivery of and access to housing, note recent Government announcements to encourage council housing development, approve a response to consultation on Right to Buy receipts and make any recommendations to the Cabinet Portfolio Holder for Managed Growth.

**2. Decision(s) recommended**

- 2.1 To review progress against the agreed Action Plan
- 2.2 To note recent announcements by Government to encourage council housing development
- 2.3 To approve the Council's response to the consultation on the use of receipts from Right to Buy sales
- 2.4 To make any recommendations to the Cabinet Portfolio Holder for Managed Growth in respect of functions for which he is responsible.

**3. What is the issue?**

- 3.1 An Action Plan for strengthening the delivery of and access to housing was approved

by the Cabinet Member for Environment and Housing in March 2017. It was also agreed to provide monitoring reports on progress against the targets in the Plan. This is the second progress report, the first having been reported in January 2018.

3.2 The Cabinet Portfolio Holder for Managed Growth also has responsibilities relating to the work of this Action Plan. These relate to housing strategy, regeneration and major development including town centres, HS2 and UK Central. A similar report will therefore be presented to the next Managed Growth decision session on 25 September.

3.3 The previous report summarised the key points about housing delivery in Solihull which are that:

- Housing delivery is determined by the Solihull Local Plan. This sets the overall level of housing development, allocates sites for housing and sets specific policies;
- Sites coming forward for residential development are usually privately owned and most housing delivery in the borough is by developers building for sale on the open market. Land for residential development in Solihull is expensive and this makes it very difficult for Solihull Community Housing (SCH) or a housing association to purchase land. The Council and other public bodies do not have significant amounts of land that is available for residential development;
- Housing delivery in itself is not a problem because Solihull is an attractive area for development; the challenge for the Council is that the right type of housing is developed to help meet local needs.

3.4 The key points relating to access to housing are that:

- Affordability in terms of the relationship between earnings and house prices is a major challenge;
- There is a shortage of affordable rented homes to meet homelessness and housing waiting list pressures and specialist needs.

#### Action Plan Update

3.5 The updated Action Plan is set out at Appendix A. The final column provides a short update against each action. The following commentary highlights points of particular current significance.

3.6 Action 2. Planning Policy. In July the Ministry of Housing, Communities and Local Government (MHCLG) published a revised National Planning Policy Framework (NPPF). This sets out the Government's planning policies for England and how they should be applied.

3.7 NPPF sets out a revised definition of affordable housing. A significant change is the inclusion of 'Build to Rent' as a type of affordable housing. This would be purpose-built housing provided at least 20% below local market rents and will typically be professionally managed in single ownership and management control. The revised NPPF also sets out the affordable routes to home ownership in terms of 'Starter

Homes', 'Discounted market sale', 'equity loans' and 'shared ownership'.

- 3.8 The Council's approach to affordable housing policy will be developed through the new Local Plan for Solihull with decisions taken by the Cabinet Portfolio Holder for Managed Growth.
- 3.9 Actions 3 and 7. New Delivery Approaches and Council Housing Stock Growth. Since the last report in January 2018 there have been significant developments in central government thinking with regard to the role of local council's in delivering affordable housing.
- 3.10 On 26 June the MHCLG published the 'Additional Housing Revenue Account Borrowing Programme'. The Prospectus offers additional borrowing to finance capital expenditure in 2019/20, 2020/21 and 2021/22. £0.5bn is available to local authorities outside London and the remaining £0.5bn is available to London Boroughs. Outside of London, Solihull is one of 75 local authorities with Housing Revenue Accounts (HRAs) that are eligible to bid.
- 3.11 At its meeting on 6 September, Cabinet gave in principle approval for Solihull's proposed bid which is to deliver 60 social rented homes across three sites, subject to planning and other permissions. A further report will be provided to Cabinet in October.
- 3.12 The Prospectus signals important changes in HRA capital finance which can help encourage further development by the Council including the ability to combine the higher borrowing capacity with one for one Right to Buy receipts.
- 3.13 This comes on top of announcements of greater rent certainty for social landlords with confirmation of rent increases of CPI plus 1% post 2020 and an additional £2bn for the development of additional social rented homes in Homes England's national grant programme.
- 3.14 On 14 August MHCLG published a Social Housing Green Paper. The Green Paper has 48 questions for consultation and invites responses by 6 November 2018. This is a significant publication and will be reported to Cabinet in October with a proposal to agree delegated arrangements for approval by the Cabinet Portfolio Holders for Environment and Housing, Stronger Communities and Managed Growth.
- 3.15 The Green Paper sets out 5 core themes:
- Ensuring homes are safe and decent;
  - Effective resolution of complaints;
  - Empowering residents and strengthening the regulator;
  - Tackling stigma and celebrating thriving communities;
  - Expanding supply and supporting home ownership.

- 3.16 With regard to this Action Plan, the final theme 'expanding supply and supporting home ownership' is significant.
- 3.17 The Paper acknowledges the need for new social housing, stressing both its importance in its own right and its contribution to the overall supply of new housing. It reaffirms the Government's target to build 300,000 houses annually by the mid-2020s and proposes to ease borrowing rules for local authorities.
- 3.18 The Green Paper confirms that Government does not intend to require councils to implement the 'Higher Value Assets Levy' and forced sale of higher value council housing proposed under the Housing & Planning Act 2016. Government has promised to repeal the relevant legislation when Parliamentary time allows. The higher value levy was an additional source of development uncertainty for Solihull.
- 3.19 There is no proposal for further lifting of HRA debt caps, to allow councils to borrow prudentially against their assets and future rental income streams so as to fund further investment. However there is an opportunity for local authorities to make the case for the further lifting of HRA debt caps. The Green Paper seeks views on whether the Government's current arrangements strike the right balance between providing grant funding for housing associations and HRA borrowing for local authorities.
- 3.20 Simultaneously, MHCLG has published a consultation paper on the use of capital receipts from Right to Buy (RTB) sales with a closing date for responses of 9 October. This proposes to give councils new flexibilities to spend the money raised from RTB sales.
- 3.21 The main proposals are:
- Allowing local authorities to hold receipts they currently retain for five years instead of three. At the moment, if receipts are not spent within three years a council has to return them to MHCLG together with interest of 4% above base rate. MHCLG intends to retain the three-year period for future receipts;
  - Right to Buy receipts can currently fund no more than 30% of the cost of a replacement home. MHCLG propose greater flexibility on this, for e.g. increasing to 50% and allowing this to combine with Homes England funding;
  - Restricting the use of receipts for acquisition of existing property;
  - Allowing local authorities to use RTB receipts for shared ownership units as well as units for affordable and social rent;
  - Allowing the transfer of land from a local authority's General Fund to the Housing Revenue Account at zero cost;
  - Circumstances where housing companies or Arm's-Length Management Organisations should be allowed to use RTB receipts.
- 3.22 Appendix B sets out the Council's proposed response to each question and your approval is sought for this.

- 3.23 Dependent on the timing of final decisions by MHCLG, the implications of any revised rules for RTB capital receipts will be taken into account by the Council's Budget Strategy Group with recommendations carried through to the 2018/19 HRA Capital Programme which will be reported to your March meeting.
- 3.24 The borrowing programme, together with changes that may be introduced following the Green Paper and the RTB receipts consultation, represent significant policy change. This is likely to be important in taking forward the Council's approach to larger site development.
- 3.25 To help take this forward, the Council has bid successfully to the Local Government Association 'Housing Advisors Programme' to look further into the detail of joint ventures and development in the Council's HRA.
- 3.26 The intention of this is that by March 2019 the Council will have a recommended housing delivery approach on land in its ownership that is informed by detailed legal, financial and market advice.
- 3.27 Action 10. West Midlands Combined Authority. As part of the WMCA Devolution Agreement the Council secured investment of £288m for a UK Central Infrastructure Growth and Development Investment Plan alongside investment for the UKC HS2 Interchange Station package.
- 3.28 To access funds from WMCA the Council must progress projects through its Assurance Framework. The first stage is to submit a Strategic Outline Case (SOC) which then enables projects to draw down on resources and progress to subsequent assessment stages.
- 3.29 The Council submitted 12 projects as 'SOC, Phase 1' in July 2017. Phase 2 sets out a programme of a further 11 projects, which coordinate with Phase 1 projects to ensure that the full economic growth potential of UK Central is realised. A detailed progress report was provided to Cabinet on 12 July 2018 in respect of the Council's Growth and Development Plan and the 11 projects. SOC Phase 2 is now approved.
- 3.30 With regard to this Action Plan the two significant projects are:
- Solihull Town Centre Development and Investment. This aims to maximise redevelopment opportunities to deliver mixed tenure housing opportunities, new Grade A office space and help improve and safeguard the retail and leisure offer;
  - Accelerating Housing Delivery Utilising Solihull Assets. This application aims to maximise the residential development opportunities in Solihull to deliver mixed tenure housing schemes utilising Council land. This is in two parts; bringing forward housing sites that are not dependent on the draft Local Plan adoption and – the larger part - those that are.

#### **4. What options have been considered and what is the evidence telling us about them?**

- 4.1 The Action Plan is wide ranging. The third action in the approved Plan will make

recommendations about alternative options for delivery.

## **5. Reasons for recommending preferred option**

5.1 The Action Plan is realistic and ambitious. It covers direct delivery (actions 1, 3 and 7), policy (actions 2 and 10), location specific considerations (actions 4, 5 and 6) and promotion of home ownership (actions 8 and 9).

5.2 The Action Plan is guided by the following objectives:

- Ensuring the delivery of a wide range of affordable homes for rent and shared ownership across the borough through a range of providers;
- Contribution to, and consistency with, major Council projects – such as the Local Plan and UKC (actions 2, 4 and 5);
- Delivering the right housing to meet local housing needs – where the Council has a land interest, there is the potential to deliver more affordable homes than the standard planning policy approach requiring 40% of homes to be affordable (action 3);
- Promoting home ownership opportunities by a variety of routes (actions 8 and 9). This includes promoting shared ownership and other initiatives;
- The role of housing in contributing to economic growth – at Solihull Town Centre and the UKC Hub area, for example (actions 4 and 5);
- Growing the Council’s housing stock through social/affordable rent and shared ownership (action 7);
- Diversifying housing and maximising inward investment to promote housing delivery – in particular the potential to attract long-term institutional capital into local housing delivery to deliver ‘Build to Rent’ (actions 4, 5 and 9).

## **6. Implications and Considerations**

6.1 Delivery of key themes in the Council Plan:

- Improve Health and Wellbeing -
- Managed Growth -
- Build Stronger Communities -
- Deliver Value -

6.2 One of the Key Programmes supporting the implementation of the Council Plan 2018-2020 is the development and initial delivery of a ‘strategic housing framework’. Delivery of this Action Plan is an important component of this work.

6.3 More broadly, the proposed Action Plan is relevant to the emerging Local Plan and to

the development of thinking on residential development at Solihull Town Centre and the UKC Hub area.

6.4 Implications for children and young people, vulnerable groups and particular communities:

6.4.1 No immediate implications as a result of this report but the proposed developments will help meet housing need for local people and have a positive impact.

6.5 Consultation and Scrutiny:

6.5.1 Before the Action Plan was devised, Scrutiny Board received reports on strengthening the delivery of and access to housing at their meetings on 9 November 2016 and 11 January 2017.

6.5.2 The Action Plan at Appendix A was approved by Cabinet Member Environment and Housing in March 2017 having previously been circulated to members of the Scrutiny Board for comment.

6.5.3 In November 2017 Scrutiny Board were invited to review progress made on the Affordable Housing Delivery Action Plan.

6.6 Financial implications:

6.6.1 There are no financial implications as a direct result of this report. It is important to note however that one of the challenges in delivering affordable housing is that it requires capital subsidy. This can come from Homes England, Solihull Council or a reduction in the land value

6.7 Legal implications:

6.7.1 None as a direct result of this report.

6.8 Risk implications:

6.8.1 The main implications relate to land and funding availability. The performance of the local and national economy is also important with regard to private investment confidence.

6.8.2 With regard to specific schemes done by SCH on behalf of the Council, a risk register is maintained for all new build housing schemes.

6.9 Statutory Equality Duty:

6.9.1 None as a direct result of this report but,

- There are equality benefits in providing good quality, affordable homes for local people
- Social and affordable rented homes are let through the Council's approved Housing Allocation Scheme. This Scheme was approved in 2014 and had an equalities impact assessment

- Specialist and supported housing helps older people and those with disabilities. Generally It is important that housing delivery works with care commissioning services so that suitable housing is provided to people with support needs.

## **7. List of appendices referred to**

7.1 Action Plan – Appendix A.

7.2 Draft Response to Use of receipts from Right to Buy sales – Appendix B.

## **8. Background papers used to compile this report**

8.1 None

## **9. List of other relevant documents**

9.1 'Additional Housing Revenue Account Borrowing Programme' – Ministry of Housing, Communities and Local Government, June 2018.

9.2 'Use of receipts from Right to Buy sales' – Ministry of Housing, Communities and Local Government, August 2018.

9.3 'A New Deal for Social Housing' - Ministry of Housing, Communities and Local Government, August 2018.