

REGENERATION, CULTURE AND ENVIRONMENT OVERVIEW AND SCRUTINY COMMITTEE

17 JANUARY 2017

HOUSING (DEMAND, SUPPLY AND AFFORDABILITY): PROGRESS REPORT

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Summary

In May 2016, following a far reaching and extensive review the Housing (Demand, Supply and Affordability) Task Group made a number of recommendations to help manage demand and improve the supply and affordability of housing in Medway. The Task group considered 3 key issues of enquiry and heard evidence from a number of sources and those working in the field.

This report and attached action plan (Appendix 1) summarises progress against each recommendation.

Those areas shaded grey fall within the remit of the Business Support Overview and Scrutiny Committee.

1. Budget and Policy Framework

- 1.1 Under Chapter 4 of the Constitution (Part 5 – Overview and Scrutiny Rules - paragraph 22.1 (v)), each overview and scrutiny committee has the responsibility to conduct service reviews. This Task Group covered housing strategy and services (within the remit of the Business Support O&S Committee) and also strategic planning issues associated with housing such as the Local Plan and affordable housing targets (which fall within the scope of the Regeneration, Culture and Environment O&S Committee).
- 1.2 The recommendations arising from the original Task Group are consistent with the Council's Policy Framework and, as they can be met from within the budget, were a matter for Cabinet discussion and approval.

2. Background

- 2.1 In June 2011 the Business Support O&S Committee agreed to exercise a more pro-active role than previously in prioritising the programme of in-depth scrutiny review work. This followed a Council decision that a maximum of

three reviews or themed meetings can be undertaken annually across all four Overview and Scrutiny Committees in light of shrinking capacity across the organisation – representing a shift from the previous position of multiple Task Groups with no fixed timelines running at any one time.

- 2.2 In line with best practice, the Committee also decided to adopt a more systematic approach to the selection of topics with nominations submitted by each Committee, taking into account suggestions and advice from Directors and Deputy/Assistant Directors.
- 2.3 In June 2015 the Committee agreed a timetable and process for the selection of topics for the next round of in-depth scrutiny reviews and also agreed a Task Group on housing: demand, supply and affordability in Medway. The Committee agreed this Group should be the first to commence and its first meeting took place on 21 September 2015. The membership of this Group was Cllrs Wildey (Chairman), Etheridge, Freshwater, Griffiths and Saroy, drawn from the Business Support and the former Regeneration, Community and Culture O&S Committees.
- 2.4 The findings of the Task Group were first reported to the Overview and Scrutiny Committee's for Business Support and Regeneration, Community and Culture with a report support to Cabinet in May 2016 at which recommendations were accepted.
- 2.5 The attached Action Plan (Appendix 1) provides an update on the progress made against the recommendations of the review thus far.

3 Key Findings and Analysis

The key themes which emerged from the evidence gathering sessions the Group conducted were:

- *In terms of building more homes, a lack of money, shortage of skills and materials and issues around the speed by which homes could be built came across consistently and strongly. Furthermore, there are significant developments happening in the area (such as London Paramount) which could well mean there will be even less skilled labour available to work in Medway.*
- *It will not be possible to meet the Government's targets for building homes by relying solely on private developers*
- *Given the importance of building enough homes to meet the need for housing, there seemed to be a case for a tax on undeveloped land, with the proceeds from the tax distributed locally*
- *The need to speed up the process for archaeology and ecology studies before developments can proceed (possibly getting developers to pay up front for these services)*
- *The Council should explore with its partners the use of different construction methods to those traditionally used in the housebuilding industry, in order to help address the problems identified in terms of an insufficient supply of homes and also the skills shortage in the construction industry.*
- *Whether the Council could legally borrow money to loan to housing associations to build homes for market rent, with a commercial return for*

the Council. And, if so, what the effect would be on the Council's prudential borrowing.

- *The lack of quality homes in any sector to enable people to downsize and free up larger properties*
- *The serious predicament facing low paid workers who were unable to secure social housing and also unable to pay market rent.*
- *How best to forge links between Education Provider such as the University Technical College and developers (including sub contractors)*
- *Whether the Council could do more to prevent people threatened with homelessness through the use of home bonds etc. merited further investigation.*

The key conclusions of the Task Group are:

- *a recognition that the problems around the availability, affordability, and to some extent, the quality of housing are the result of a supply / demand imbalance, which results in pressures felt more acutely in London and the South East than other parts of the country. Whilst the Council will no doubt wish to continue to play its part in addressing these issues, along with other local authorities in the region, the Task Group acknowledge that the Council cannot hope to solve these issues on its own, and;*
- *an endorsement by the Task Group of the Strategic Housing and Economic Needs Assessment and the implications this has for new housing numbers and spatial impact as the Council develops its Local Plan.*
- *a failure to address the issues around the supply, demand and affordability of housing will mean:*
 - *house prices will continue to rise in the long-term*
 - *housing will become more expensive as a percentage of income*
 - *first time buyers will find it increasingly difficult to get on the housing ladder*
 - *the likely growth of the private rented sector will continue together with an upward pressure on rental prices and a higher housing benefit bill and increased demand on temporary accommodation.*
The Group would suggest that Cabinet should recognise this likelihood and put in place measures to make the Council's situation more resilient and find more cost effective ways of meeting demand
 - *more people being housed in hostels and bedsit accommodation or houses in multiple accommodation (HMOs)*
 - *employers will find it difficult to recruit workers, particularly for vacancies on lower wages with a knock on impact on economic performance*
 - *a growth in wealth inequality*
- *to ensure that the Council progresses its Local Plan following Government Guidance on procedures and timescales; to ensure that local people are involved, that the Council delivers in terms of meeting its objectively assessed needs in a positive manner and to the benefit of Medway in terms of realising its potential; and to ensure that the Government does not see fit to intervene in the process which would impact on local involvement in plan making*

4. Risk management

- 4.1 The impact of the recommendations in this report are focused on helping to manage the demand for housing along with increasing its supply and assisting with its affordability and, as such, no risks are identified to delivery.

5. Consultation

- 5.1 No specific consultation has been undertaken for the preparation of this update report. However, the Planning and Housing Services continue to engage with key stakeholders including those seeking advice and assistance in meeting their housing need, providers of housing, developers and other stakeholders and interested groups and this will continue as the Task Group's recommendations are progressed further.

6. Financial implications

- 7.1 There are no direct financial implications arising from this update report.

7. Legal implications

- 8.1 There are no legal implications arising from this update report.

9. Recommendations

- 9.1 The Regeneration Culture and Environment Overview and Scrutiny Committee is recommended to note the progress made against the Task Group recommendations.

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Appendices

Appendix 1 – Housing (Demand, Supply and Affordability) Task Group Action Plan

Background papers

This update report has been produced using the Task Group report and the “Support for Care Leavers Task Group” report to Cabinet 10 May 2016