

## :Lancaster City Council | Report Cover Sheet

<b>Meeting</b>	Cabinet	<b>Date</b>	27 October 2020
<b>Title</b>	The Homes Strategy for Lancaster District 2020-2025		
<b>Report of</b>	Director for Communities and the Environment, Director for Economic Growth and Regeneration		
<b>Purpose of Report</b>			
To present the new Homes Strategy and Action Plan 2020-2025 for Lancaster District to Cabinet for initial endorsement and authority to consult.			
<b>Key Decision (Y/N)</b>	Y	<b>Date of Notice</b>	28/10/2020
<b>Exempt (Y/N)</b>		<b>N</b>	
<b>Report Summary</b>			
Lancaster City Council's last Housing Strategy was produced in 2012 which set out the district's housing priorities for a five-year period. In 2019, work commenced on the preparation of new Homes Strategy which sets out the strategic housing and regeneration priorities for Lancaster district, and a series of actions that will be required in order to deliver its key priorities and ambitions.			
<b>Recommendations of Councillor Caroline Jackson</b>			
<p>(1) To approve the draft Homes Strategy and Action Plan 2020-2025 and provide authority to consult key partners and stakeholders.</p> <p>(2) The Homes Strategy will then be adopted unless the consultation results in any proposed changes to the Action Plan which will be reported back to Cabinet for final endorsement.</p>			
<b>Relationship to Policy Framework</b>			
<p>Council Priorities – Happy and Healthy Communities, a Sustainable District and an Inclusive and Prosperous Local Economy</p> <p>Local Plan – contributes towards the provision of housing to meet a locally identified need and opportunities to increase the choice and supply of affordable housing.</p> <p>This Homes Strategy replaces the previous Housing Strategy 2012 – 2017.</p>			
<b>Conclusion of Impact Assessment(s) where applicable</b>			
Climate	Wellbeing & Social Value		
Digital	Health & Safety		
Equality	Community Safety		
The proposals set out in the report should not have any adverse impacts and should have a number of positive benefits particularly around climate change mitigation, equality, wellbeing and social value.			
<b>Details of Consultation</b>			
In 2019, initial consultation was undertaken with the Communities Together group ahead of preparation of the new Homes Strategy for Lancaster district. A member			

working group was established in September 2019 by the Portfolio Holder for Housing to identify the main housing and regeneration priorities which are referred to in this report and a number of commissioning leads within Lancashire County Council, housing, planning teams and other stakeholders have directly contributed to the formulation of this document.

If the report is approved, a press release will be issued. Consultation will take place for a minimum period of 6 weeks. The document will be published on the council's website with an online response form. The Voice Your Views Panel will be consulted, City Councillors and Parish Councillors, Communities Together Group, Commissioning Leads, the Homelessness Forum, Homeless Advisory Group, Lancaster Vision and the District Wide Tenants Forum. A focus group will be arranged with Registered Provider partners who are instrumental to the delivery of the Homes Strategy. No major changes in relation to the strategic direction of the Homes Strategy are envisaged.

#### **Legal Implications**

There are no legal implications at this stage. Legal Services note that specialist external legal and financial advice has already been sought in respect of the formation of a Housing LATCo. Legal Services will need to be consulted in respect of any acquisitions or disposals concerning the schemes contained in the Housing Strategy if the Strategy is approved.

#### **Financial Implications**

There are no financial implications resulting directly from the recommendations.

#### **Other Resource or Risk Implications**

#### **Section 151 Officer's Comments**

The abolition of the HRA borrowing cap does provide significant opportunities for the Council to borrow to fund a number of significant schemes within the HRA, as detailed in the draft strategy. However, in line with the requirements of CIPFA's Prudential Code Members will need to consider any proposed borrowing for Affordability, Sustainability and Prudence across the whole Council. This assessment will include levels of existing debt within both the HRA and the General Fund as well as any further borrowing that may be required to fund schemes within the General Fund.

#### **Monitoring Officer's Comments**

The Monitoring Officer has been consulted and has no further comments to make.

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#### **Links to Background Papers**

## 1.0 Introduction

- 1.1 Lancaster City Council's last Housing Strategy was produced in 2012 following the council's organisational restructuring which brought the housing strategy function into the Regeneration and Planning Service, with the primary objective being to produce a new Housing Strategy for Lancaster district, ensure that all new housing schemes approved through the planning system would meet a local need and to increase the provision of affordable housing by strengthening the links between housing and planning teams and formulation of policy.
- 1.2 Many of the objectives set out in the Housing Strategy 2012 to 2017 were achieved through developing policies that sought to maximise opportunities to contribute towards affordable housing, strengthening the links between key partners such as Homes England, Registered Providers and Developers, and working with Lancashire County Council and other district councils to provide the specialist housing to support communities and vulnerable group through the former Supporting People Programme.
- 1.3 In 2018, in order to effectively prepare the evidence base for the Local Plan and the next Housing Strategy, a new Housing Needs Survey was commissioned in 2017 which was produced by Arc4 in 2018 which provides the evidence base and context to refresh existing policy guidance and to assist in the formulation of key housing priorities for Lancaster district. The Local Plan has identified a need for 12,000 additional homes in Lancaster district by 2031. The Housing Needs Survey estimated that in excess of 6000 households require affordable housing. There is a significant need for market and affordable housing in Lancaster district which is the key driver for direct intervention by the council to contribute to the housing provision needed in Lancaster district.
- 1.4 The Homes Strategy 2020-2025 contains 13 main sections setting both the strategic context of housing in relation to the council's re-affirmed ambitions and national policy changes, the local context in relation to Lancaster District's population, the Lancaster housing market, summary of achievements, housing growth and climate change, regeneration priorities, ambitions and standards, the homes vision, achieving affordable housing growth and the critical role of social housing providers, improving housing quality through initiatives such as selective licensing and other private housing sector enforcement action, through commissioning a new housing stock condition module, actions to tackle fuel poverty and excess cold, tackling empty homes and promoting responsible renting, and actions to improve the council's existing housing stock. The last section of the Homes Strategy focusses on the diverse communities in Lancaster district and supporting the most vulnerable. This includes:-
  - a detailed overview of the last two Homelessness Strategies outlining the areas the council is seeking to strengthen and summarising the more recent activities around rough sleeping as a direct response to Covid-19
  - The accommodation needs of Gypsies and Travellers

- Those at risk of domestic violence
- Refugees and Asylum Seekers
- LGBT community
- Young people
- HM Forces personnel
- People with an offending background
- Those with a history of substance misuse
- People with learning, physical disabilities or enduring mental illness
- Meeting the needs of our ageing population

1.5 The Homes Strategy 2020-2025 seeks to make direct links with the council's re-affirmed priorities recognising that housing has a critical role in helping the council achieve its vision and priorities by making sure there is a sufficient supply of good quality housing to meet the needs and requirements of our diverse communities. Increasing the supply of affordable housing is fundamental to this, but unlike the previous Housing Strategy 2012-17 where the council was primarily engaged through its enabling role, the new Homes Strategy puts the council at the heart of delivering new housing and regeneration priorities.

## **2.0 Formulating the Homes Strategy**

2.1 As a lead into the preparation of the new Strategy, a Housing Strategy Working Group was established in September 2019 which is chaired by the Portfolio Holder for Housing. This cross-party group supported by officers considered new ways of working and options for the council to implement a programme of new housing projects which included: -

2.1.1 Setting up a housing company and/or a development company in order to pursue other tenures outside those traditionally operated within the Housing Revenue Account.

2.1.2 Consider the use of borrowing in order to undertake projects which may make a positive financial return as well as deliver positive housing outcomes. In many cases, it might be that a site is capable of providing multiple tenures by using profits from one form of housing to subsidise another.

2.1.3 Control over environmental standards in houses developed by the Council to improve the quality and choice of the local housing offer.

2.1.4 Involvement in sectors such as private sector rental and extra care housing in order to provide good quality and fairly priced housing options in these sectors.

2.2 A number of potential schemes were shortlisted and although not intended to be an exhaustive list, these represent the most significant priorities set out within the draft Homes Strategy, and in taking account of the key findings and recommendations of the district wide Housing Needs Survey undertaken in 2018:-

2.2.1 Development at Canal Quarter – potential to develop between 100 and 200 new homes of mixed tenure which could include designated

- housing for older people, outright sale units, a PRS scheme and affordable units in the form of shared ownership and social housing.
- 2.2.2 The regeneration of Mainway estate. Consultation is currently underway with tenants, residents and stakeholder to formulate exciting new plans to comprehensively improve the existing estate.
  - 2.2.3 Morecambe Property Acquisitions – to increase the supply of good quality well managed homes with a focus on Morecambe’s West End. Further opportunities could also present themselves in central Morecambe linking to the Future High Streets bid, with new build housing forming an integral part of the proposed redevelopment.
  - 2.2.4 Extra Care Housing – working with Lancashire County Council to develop new extra care schemes in Lancaster district by 2025 which will increase the housing choices available to the district’s ageing population. The council is exploring the delivery of its own new build extra care facility on a site in North Lancaster.
  - 2.2.5 The Homes Strategy identifies Ridge Square as a potential regeneration priority, subject to further consultation being undertaken and an options appraisal to identify the full costs and delivery options.
  - 2.2.6 The refurbishment of Mellishaw Caravan Park, which is currently being acquired by Lancaster City Council, with a commitment and budget in place to comprehensively improve the site.
- 2.3 With the exception of Mellishaw Caravan Park, the capital funding required for the other five schemes identified will rely on a blend of prudential borrowing through the General Fund and Housing Revenue Account, and will require the council to set up its own Housing LATCo (Local Authority Trading Company) which is the necessary vehicle for the council to realise its ambitions. Reports will be presented to Cabinet separately which will seek the necessary approvals to set up the Housing LATCo, although Cabinet must recognise that some of the key priorities outlined in the Homes Strategy can only be delivered through the blend of prudential borrowing required to generate capital finance including the proposed Housing LATCo:-

### **3.0 The Homes Strategy 2020-25 and Climate Change**

- 3.1 The draft Homes Strategy seeks to make direct linkages to the Climate Emergency, which was declared in 2019, by setting out the council’s intentions and ambitions:-
- 3.1.1 A proposed Local Plan Review – which will seek to further strengthen our existing approaches to improving the housing stock (and also achieving low/zero carbon homes) and improve the existing housing stock, provide a green infrastructure, prioritise brownfield development, minimise flood risk and increase energy generation.
  - 3.1.2 Seek to deliver zero carbon new build homes on sites identified in the Homes Strategy.

- 3.1.3 Bring homes which are acquired by the council up to minimum standards with potential to further retrofit when funding opportunities allow.
- 3.1.3 Increase the existing officer capacity to support opportunities to draw down government funding to retrofit privately owned homes.
- 3.1.4 Increase officer capacity through future training of the council's Repairs and Maintenance staff to become Retrofit Assessors and support the existing workforce to become trained installers of measures (Trustmark/PAS 2035) and seek to roll this out to local contractors.

#### 4.0 The Homes Strategy Action Plan

4.1 A separate action plan accompanies the draft Homes Strategy which sets out the required actions necessary to bring it into fruition and expected resource implications. It should be noted, however, that capital schemes will be subject to more detailed scrutiny through reporting to Capital Strategy group and Cabinet in due course, and actions requiring revenue funding not already identified will be subject to forthcoming budget processes. The action plan contains three main themes:

Theme 1	Housing and Regeneration priorities – increasing housing supply
Theme 2	Improving housing quality
Theme 3	Meeting the needs of communities and supporting residents

#### 5.0 Options and Options Analysis (including risk assessment)

<b>Option 1: Approve the draft Homes Strategy 2020-25</b>
<b>Advantages:</b> The council will have an up to date Housing Strategy within its policy framework. The Strategy outputs will make a significant contribution to increasing the provision of good quality energy efficient homes and affordable housing to meet those in the most housing need. It will positively contribute towards Climate Change mitigation. It will increase the portfolio of housing owned by Lancaster City Council. It will contribute to the council's Investment Strategy. It ratifies the council's commitment to jointly agreed priorities with other statutory organisations.
<b>Disadvantages:</b> The implementation of the Homes Strategy will have significant resource implications primarily but not exclusively in relation to capital funding.
<b>Risks:</b> The council will need to set up a Housing LATCo in order to bring forward a more diverse mix of housing tenures in Lancaster district. This is a new way of

working requiring specialist legal and finance advice initially as well as in the longer term impacting upon support services and separate governance arrangements will need to be established. Capital schemes identified have not yet been through a due diligence process to assess full costs and risks although an existing framework is already in place to assess proposed commercial investments. Future demand for housing but given the level of housing need identified and the standards being achieved. Market housing provision is a new area of business for the council but the existing council housing teams are well experienced to manage any PRS properties although outright sale units would be a new area of business for the council requiring proper market analysis and research.

### **Option 2: Do not approve the draft Homes Strategy 2020-25**

**Advantages:** The council will not need to raise the capital and revenue funding required to implement the Homes Strategy.

**Disadvantages:** The council will not be contributing to increasing the supply of good quality energy efficient homes in Lancaster district. This will have wider implications upon the effectiveness of other approved Strategies i.e. the Homelessness Strategy 2020-23 by increasing the range of housing available to prevent homelessness. Limited opportunities/benefits around climate change mitigation. The council will primarily be an enabler rather than a provider of new housing.

**Risks:** The council will be less likely to achieve its agreed objectives and statutory duties around homelessness. The proposed regeneration of Mainway estate could lead to significant issues around the structure and quality of existing council properties. For schemes like Canal Quarter, the council as a key landowner could lose control in bringing forward a scheme which meets all its objectives and opportunities to generate cross subsidies. Lost opportunities to continue the regeneration of Morecambe and to diversify the affordable housing offer for older people relying solely on Registered Provider activity. Reputational damage.

## **6. Officer Preferred Option (and comments)**

- 6.1 The officer preferred option is Option 1. Lancaster City Council has the opportunity to approve an ambitious Homes Strategy for Lancaster district which will allow the council to commence programmes of new build housing, acquire and improve existing housing, diversify its housing offer, and most importantly, increase the choice and quality of housing across tenures to meet the need of its diverse communities, whilst making a positive contribution towards climate change mitigation. Cabinet is therefore asked to approve the draft Homes Strategy and Action Plan 2020-25 and allow a further period of consultation to engage with key stakeholders before final endorsement.