

# Economy and Enterprise OSC

11 September 2024

## Response – County Durham Housing Strategy

### Members in attendance:

Councillor S Zair (Chair)

Councillor A Surtees (Vice-chair)

Cllr A Batey, Cllr R Crute, Cllr M Currah, Cllr D Freeman, Cllr P Heaviside, Cllr C Lines, Cllr B Moist, Cllr R Ormerod, Cllr K Shaw, Cllr M Stead and Cllr A Sterling.

Co-optees – Mrs R Morris and Mr E Simons

Cllr A Savory – substituting for Cllr G Hutchinson

Cllr F Tinsley – substituting for Cllr J Miller

### Background:

- (1) Overview and Scrutiny has been involved in the development of the Housing Strategy for County Durham via:
  - a. An Overview and Scrutiny Workshop held on the 10 July 2023 which focused on questions based on the draft Principles and Priorities Paper providing an opportunity for O&S members to comment with those comments shared with the REG Service Grouping to inform the development of the draft strategy.
  - b. The E&E OSC considered the draft strategy at the meeting held on the 18 December 2023 with the comments made by members at this meeting shared with the Service Grouping to inform the final draft of the strategy. It was highlighted by members at this meeting that there was a need for a Delivery Plan to be produced for the strategy although it was recognised that this initial delivery plan would cover a limited period of time, potentially six to twelve months with the plan continuing to develop during the life of the strategy.
  - c. The E&E OSC considered at the meeting on the 22 April the final draft of the strategy and the draft delivery plan with the comments made by members at this meeting shared with the

REG Service Grouping. The comments made by members at the April meeting would be used by the Service Grouping to inform the final draft strategy and delivery plan which would be considered by Cabinet and full Council in summer 2024.

- (2) The draft strategy and 12-month delivery plan were considered by Cabinet and full Council in July 2024. However, when the draft strategy and delivery plan were considered by full Council on the 17 July, members in attendance at the meeting raised concerns in relation to:
  - a. The proliferation of HMOs in the county and the potential use of article 4 directions and the lack of reference within the strategy as to DCC's approach to controlling the number of HMOs in the future.
  - b. The Council House Build Programme and particularly the delivery timeframe and the composition of the proposed 500 units.
  - c. In relation to (b) above it was suggested that wording had been changed within the draft strategy following consideration of the draft strategy by the Economy and Enterprise OSC (E&E OSC) at the April meeting and it was commented that if such a change had been made then the draft strategy and delivery plan should have come back to the E&E OSC for further consideration and discussion.
- (3) The above concerns expressed by members at the full Council meeting resulted in the consideration of the draft strategy and delivery plan being deferred.
- (4) Subsequently, it was determined with the approval of the Chair and Vice-chair of the E&E OSC that two reports would be included on the agenda for the E&E OSC on the 11 September, which would focus on addressing the above concerns detailed in paragraph 2 and raised by members at the full Council meeting on the 17 July.

### **E&E OSC – 11 September 2024**

- (5) At the meeting of the E&E OSC held on the 11 September members considered a report and presentation providing detail of:

### **Council House Build Programme**

- a. Background to the CDHS and the previous involvement of Overview and Scrutiny, with comments made by members used to inform the development of the strategy and delivery plan.
- b. Detail of the composition of the 500 target with confirmation that it has always been the Council’s intention to deliver 500 new build properties and that this remains unchanged with acquisitions made during the lifetime of this project additional and will not be included within the 500 figure.
- c. Delivery timeframe including confirmation that a revised business case and supporting business plan had been considered by Cabinet in 2023 as a result of macro-economic changes. As a result of the above reasons and following the appointment and discussions with the main contractor it was confirmed that the Council are not likely to be able to deliver the 500 new build homes by 2026. However, the intention is to deliver at pace and timescales are currently being revisited.

**Members comments in relation to the Council House Build Programme**

- (6) At the meeting of the E&E OSC held on the 11 September, the following comments were made by members having received clarification from the Service Grouping that it has always been the Council’s intention to deliver 500 new build properties and that this remains unchanged with acquisitions additional to the 500 new build homes, although timescales for delivery were being revisited:

Comment	Response
a. Concern was expressed in relation to the lack of progress in both the construction and delivery of new build council homes since the development of the programme in 2019/2020.	Since the programme was originally agreed in 2020 there were a number of macro-economic changes that impacted on the delivery of the programme and meant that in July 2023 the council had to revisit the original business case and supporting

	<p>business plan for including:</p> <p>(a) The global energy crisis which resulted in high inflation and interest rates that affected both the construction industry and the council's own budgetary position.</p> <p>(b) The original delivery approach did not support the most viable and cost-effective outcomes, especially given the complex nature of the sites included within the programme.</p> <p>(c) Rising costs to the council for the provision of Temporary Accommodation, as a result of more households with complex needs becoming homeless and the failure of the market to provide affordable accommodation for them.</p> <p>These changes to the Business Plan and the subsequent appointment of a delivery partner now mean that delivery will pick up in pace.</p>
<p>b. It was commented that there had been a lack of communication with members in relation to the programme and that this was a factor which had resulted in the</p>	<p>As well as the three Scrutiny meetings where the Council House Delivery Programme was discussed as part of the wider discussion on the Housing Strategy (July</p>

<p>deferment of the Housing Strategy at Full Council.</p>	<p>2023, December 2023, April 2024<sup>1</sup>) there was a further meeting (January 2024) where it was a specific item on the agenda. There was also a discussion on Council House new build targets at a meeting in March 2024.</p>
<p>c. Reference was made to the Delivery Timeframe slide and the wording 'deliver at pace'. It was commented that there needs to be delivery timescales within the programme plan with clear targets and milestones and that the E&amp;E OSC will want to monitor the progress of future delivery.</p>	<p>The second bullet point of paragraph 5.8 has been amended to include revised timescales as follows: The original intention was to deliver these 500 houses by 2026, however, the impact of covid 19 and wider economic conditions including inflationary pressures and rising interest rates have presented delivery challenges for the programme. As a result, we are intending to <u>rolling</u> the programme forward commencing from the approval of the cabinet report in July 2023 with a six-year delivery plan <u>to 2029</u>.</p>
<p>d. It was commented that the Council House Build Programme is huge, and that due diligence needs to have been undertaken, with the</p>	<p>The main contractor for the council house delivery programme was appointed through a competitive tender</p>

---

<sup>1</sup> To note the text referring to the Council House Delivery Programme did not change between the draft presented at this Scrutiny meeting and that presented to Cabinet and Council.

relevant management control processes in place with the contractor, such as the use of penalties to ensure delivery within the relevant timeframes.	process subject to the usual processes.  The July 2023 Cabinet report set out an updated Governance Model to provide oversight to the programme.
e. There needs to be clarity within the strategy in relation to the Council House Build Programme beyond 2026. It was suggested that there is a review undertaken to identify future targets for the programme beyond 2026.	The following sentence has been added to the end of the second bullet of paragraph 5.8 'In reality, if building council houses proves a viable proposition, it is likely that the programme will extend beyond 2029 and the number of new houses built will exceed 500.'
f. Need for Strategy to reflect Governments expectations in relation to housing provision including new builds.	The 'National Context' section has been updated to reflect the election of a new Government and its emerging priorities and legislative programme.
g. Highlighted the need to ensure that the relevant infrastructure is in place to support the homes delivered via the Council House Build Programme.	To reflect this comment 'and associated infrastructure' has been added after 'council houses' in the first bullet of paragraph 5.8.
h. Need to ensure going forward that the E&E OSC receives regular updates on the progress of the programme.	The next update to OSC on the Council House Delivery programme is 18 December 2024.

**E&E OSC – 11 September 2024**

- (7) At the meeting of the E&E OSC held on the 11 September members considered a report and presentation providing detail of:

### **Houses of Multiple Occupation (HMO)**

- a. Background to HMO – what is an HMO.
- b. Current distribution of HMOs in the county – highlighting that that there is currently no way to identify smaller HMOs, detail of numbers registered via Council tax data and licensing data.
- c. Council powers in relation to HMOs including if five or more occupiers must apply for an HMO licence from the Council if the HMO has six tenants or fewer it is considered permitted development and planning permission is not required.
- d. Detail of Article 4 Directions – when they are applied, where they exist in County Durham and the evidence required.
- e. Crime and anti-social behaviour – role undertaken by the authority,
- f. How HMOs currently feature in the County Durham Housing Strategy and the opportunity to include further reference to this issue in the CDHS.

### **Members comments in relation to Houses of Multiple Occupation**

- (8) At the meeting of the E&E OSC held on the 11 September, members were provided with a detailed explanation around the legal positions in relation to HMOs emphasising the complexities when dealing with HMOs including the planning framework, HMO licensing requirement, the conversion of dwelling houses into HMOs as part of permitted development entitlements. It was acknowledged that the Housing Strategy was largely silent on the issue of HMOs however there was an acknowledgement that reference to the responsibilities placed concerning planning considerations, service and infrastructure demands and support requirements could be made more explicit. The following comments were made by members:


Comment	Response
a. It was highlighted by a number of members that residents	The following text has been added to new

<p>have raised concerns with them regarding the proliferation of HMOs within local communities and the impact this is having on the availability/supply of family homes.</p>	<p>paragraph 5.35 to recognise this issue: 'Evidence from Council tax records and HMO Licences show that most HMOs in the County are located in Durham City and are primarily occupied by students however, HMOs are beginning to appear elsewhere in the County. Most HMOs are well managed however, some can cause issues for neighbouring residents and local communities.'</p>
<p>b. It was commented that there are concerns and disquiet amongst and within local communities across the county in relation to the establishment of HMOs. This often occurs because of both a lack of understanding and information concerning what actions are available to local authorities to restrict the numbers of HMOs in specific localities.</p>	<p>The following text has been added to new paragraph 5.46 to recognise this issue: 'In preparation for the next iteration of the County Durham Plan we will assess the effectiveness of the approach to HMOs set out in the current Plan, and will undertake a county wide public engagement exercise to inform a future review and inform residents of what actions are available to local authorities to manage the numbers of HMOs in specific localities.'</p>
<p>c. It was suggested by several members that the strategy should include detail of the evidence base required to secure an Article 4 Direction.</p>	<p>The following text has been added to new paragraph 5.35: 'Evidence from Council tax records and HMO Licences show that most</p>



	<p>HMOs in the County are located in Durham City and are primarily occupied by students however, HMOs are beginning to appear elsewhere in the County.’ and to new paragraph 5.46 ‘We will therefore also explore the availability of evidence relating to the location of HMOs.’</p>
<p>d. In addition, it was highlighted that the Authority needs to undertake a strategic public engagement exercise which clearly identifies the Council powers in relation to HMOs, detail of what an Article 4 Direction is and the evidence required and the role/actions of the authority in relation to incidents of crime; environmental blight and anti-social behaviour associated with HMOs.</p>	<p>As response to b. above.</p>
<p>e. Reference needs to be made in the Strategy, that a strategic public engagement exercise will be undertaken, providing local communities with the information identified in paragraph (d) above.</p>	<p>As response to b. above.</p>
<p>f. Concerning the Government consultation in relation to the proposed changes to the NPPF, it was suggested that in relation to Article 4 Direction requirements, that the Authority include in its response that there is a need to review the evidence base</p>	<p>In response to Question 61 in the NPPF consultation the council submitted the following response: ‘The council considers the current requirements to take forward Article 4 Directions are too</p>

<p>currently required to invoke an Article 4 Direction. This review would allow local authorities to take a preventative approach and reduce the number of future HMOs rather than the current reactive approach.</p>	<p>onerous, and LPAs need to have greater powers to take forward Article 4s in relation to HMOs in the interests of supporting mixed and balanced communities.'</p>
<p>g. There is a need to establish a process/mechanism for recording all HMOs in the county so that there is a true picture of the total number. This process/mechanism needs to be linked to the strategic public engagement exercise detailed in bullet point 8 (e) above, with the mechanism/process in place and highlighted during the public engagement exercise as an opportunity for residents to report their concerns in relation to HMOs or register a potential HMO in their neighbourhood.</p>	<p>As response to c. above.</p>
<p>h. The Strategy needs to consider the impact of charitable organisations purchasing a number of houses within a specific location to create HMOs and the impact this has on the local community. In addition, the Strategy needs to reflect the importance of ensuring appropriate and adequate support mechanisms for residents of such HMOs.</p>	<p>The following text has been added to new paragraph 5.35 to recognise this issue: 'Most HMOs are well managed however, some can cause issues for neighbouring residents and local communities. In those cases, the council can use its licensing and other powers to ensure landlords are meeting their obligations relating to the management of the property and the wellbeing of their tenants. The County Durham Plan also includes a policy to</p>

	<p>manage the proliferation of HMOs to maintain mixed and balances communities. This is complemented by a number of Article 4 Directions which require landlords proposing smaller HMOs to apply for planning permission.’</p>
<p>i. It was recognised that there is a need for HMO provision within the housing sector however HMOs need to be delivered when required and must not result in an imbalance in local communities.</p>	<p>As response to h. above.</p>
<p>j. It was suggested that training is provided to members so that they are aware of the Council powers in relation to HMOs, what an Article 4 Direction is and the evidence required and the role/actions of the authority in relation to incidents of crime and anti-social behaviour associated with HMOs.</p>	<p>A section setting out the powers available to the council in relation to HMOs was included in the briefing note (below) on Asylum Accommodation circulated to all Members on 9 July and 12 September 2024.</p> <p></p> <p>2024.07.09 Member Briefing asylum acco</p> <p>A presentation and discussion were also included in the Member’s Seminar on Asylum Accommodation held on 17 September 2024.</p> <p>If there is considered to be the need for further training this can be arranged.</p>

### Next steps

- (9) It is intended that the draft Housing Strategy will be revised to incorporate the comments made by members at the meeting of the E&E OSC on the 11 September 2024.
- (10) The E&E OSC will consider the revised draft Housing Strategy and Delivery Plan at the E&E OSC on the 4 November 2024.