

Item 23 - Quercus Housing - Increasing delivery of affordable housing in the District

The attached report was considered by the Housing & Health Advisory Committee on 14 June 2022. The relevant Minute extract is below.

Housing & Health Advisory Committee (6 June 2022, Minute 7)

The Chief Officer, People and Places presented the report which recommended that the Council approve £15 million to be drawn down by Quercus Housing over a 10-year period to deliver affordable housing in the district.

The report laid out that Quercus Housing remained ambitious in achieving the delivery of affordable homes in the Sevenoaks District and was seeking a longer term position to support this ambition and develop a project pipeline for the next 10 years. Quercus Housing had identified sites that were under development by the Council, including Stangrove, White Oak and Farmstead Drive, where Quercus Housing could acquire the affordable units.

An indicative pipeline of projects was discussed. Each site would be looked at on a scheme by scheme basis and subject to the usual due diligence, financial assessment and securing relevant permissions, such as planning.

Projects costs, financial viability assessment and borrowing requirements would be impacted by existing inflation levels and would therefore be undertaken on a site by site basis. Quercus Housing would benefit from an ongoing income stream on the assets that should increase in value over time which would reduce the overall risk.

Members asked questions of clarification and the Chairman used his discretion to allow the Chairman of the Finance and Investment Advisory Committee in attendance to address the Committee. The Chairman of the Finance and Investment Advisory Committee expressed a desire for an illustrative model of how the borrowing might be used in order to generate funds to pay the loans. It was explained that this would be completed on a scheme by scheme basis.

In response to questions Officers advised that any profits generated by Quercus Housing would be retained by Quercus Housing and utilised for further affordable housing. The business cases would be approved on a case by case basis as approved by the Quercus Housing Board in line with the business plan approved by the Quercus Housing Guarantor Board which was made up of Cabinet Members. This would then go to the Deputy Section 151 Officer and the Chief Executive. Officers emphasised that the cases would be considered individually and would have to be identified as affordable.

In response to questions it was confirmed by Officers that up to 45 units could be delivered in the 10 year timeframe. If more sites were viable on the proposed funding model then additional funding may be looked into. Two developments had already been completed Gladedale House and 11-13 High Street, Swanley. The viability for the developments would be constantly assessed including land viability assessments and maintenance costs over a comprehensive timeframe.

Members discussed the importance of the affordable housing proposals and noted that the Council continued to work with other local housing providers and landlords. The proposals would provide another way to meet the demand for affordable housing. Members noted that the assets would ultimately be owned by the Council as the shareholder of Quercus Housing.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That it be recommended to Cabinet to recommend to Council that

- a) a financial facility of up to £15m to be drawn down by Quercus Housing over a 10-year period from prudential borrowing obtained by the Council and to be used for the purpose of delivering affordable housing, be approved; and
- b) the Deputy S151 Officer in consultation with the Chief Executive be delegated authority, to agree the terms of any borrowing to be determined at the point of draw down.