



Direct Dial/Ext: 03000 416892 / 416478
e-mail: joel.cook@kent.gov.uk;
anna.taylor@kent.gov.uk

Ask for:
Date:

Dear Member

SCRUTINY COMMITTEE - WEDNESDAY, 6 SEPTEMBER 2017

I am now able to enclose, for consideration at next Wednesday, 6 September 2017 meeting of the Scrutiny Committee, the following report that was unavailable when the agenda was printed.

Agenda Item No

A5 **Select Committee Work Programme (Pages 3 - 8)**

Directorate response to the Affordable Housing Select Committee proposal

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Lynch', is written over a faint, light-colored signature line.

John Lynch
Head of Democratic Services

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ASSESSMENT OF A SELECT COMMITTEE TOPIC REVIEW

* - sections to be filled in by the proposer of the topic

***Subject of Proposed Review:-**

Provision of affordable housing for Kent residents

***Reason for the Review:-**

(see Note 1 below)

It is well established that good housing is one of the key determinants of people's health and social well-being.

The shortage of affordable housing is a national issue. It is particularly acute in Kent and the South-East where there are overspill pressures caused by property shortages and prices in London. Developers are set quotas for affordable housing but Kent's district councils and housing associations struggle to meet demand.

At the LGA Conference 2017 the Secretary of State stated, *'Our aim is simple: to ensure these plans begin life as they should, with an honest, objective assessment of how much housing is required..... Where housing is particularly unaffordable, local leaders need to take a long, hard, honest look to see if they are planning for the right number of homes.'* This review could provide the opportunity to do this.

Housing development needs to be of sufficient scale to make a difference and to make it truly affordable. But this cannot happen without the essential infrastructure such as schools, surgeries, transport links, open space, etc. Underpinning the housing crisis is the lack of funding for the infrastructure needed to support new housing growth. This therefore argues for an over-arching and joined-up approach to the planning, development and funding of new housing across the county.

Once again this was identified in the Secretary of State's Speech – *'Most people are willing to accept new housing in their areas, they know that their children and grandchildren need places to live. But they also don't want to see massive development being imposed on an area where schools, GP surgeries, roads, buses and trains and already under pressure. They'll accept the new homes, but they also want the right infrastructure put in at the right time in a joined-up way.'*

The County Council's Network newly released report *'A New Deal for Counties: Our Plan for Government'* also focussed on these concerns.

KCC could lead from the front and show a readiness to assist its communities in one of the biggest challenges and opportunities that the county faces now and in the future. In the words of the CCN report, *'Empowering counties in the planning system and reforming and finding new ways for councils to finance infrastructure is needed if we are to tackle the intergenerational unfairness of our housing economy.'*

***Issues to be covered by the Terms of Reference:-**

1. What is the demand for additional affordable housing for both rental and purchase?
2. What are the benefits in terms of improved health & well-being?
3. Can KCC provide an overarching approach to planning for housing development and

how best can this be linked into the aspirations of the districts?

4. How KCC can work with developers, districts and housing associations in delivering additional housing and that the necessary associated infrastructure is provided at the same time?
5. What is the scope for KCC to use its borrowing powers for the building of affordable housing and related infrastructure?
6. If KCC were to become a lead housing developer, what would the appropriate corporate and governance for this activity?

***Scope of the review:-**

- Determine a definition of 'affordable' for Kent. An equation to earnings?
- Assess current and future demand for affordable housing – to rent and to buy including rent to buy schemes.
- Interviews with districts, housing associations, developers, CCGs, public transport providers, banks/building societies.
- Investigations into infrastructure pressures: traffic, school places, health & social care provision, open space and recreation, boundary concerns, health, etc.
- Understand Community Infrastructure Levy and S106 Contributions use and variances across the County. (This was summarised in the CCN report.) Why does it vary across Kent, how well is it spent? Should KCC have a bigger role in setting it?
- Consider new technology and potential options for lower house-building costs.
- Consider options for supporting smaller Kent-based developers – growth agenda, could enterprise help here?
- Assess the opportunities and risks of KCC becoming a lead financial provider for affordable housing.

***Purpose and objectives of the Review:-**

As stated in the CCN report, '**Housing and the county role of place shaping is vital to ensuring that our communities are able to thrive and helping to tackle the housing shortage and affordability.**'

The proposed select committee would

- Examine what role KCC could have as the principal driver of new local authority developed affordable housing in Kent.
- It would assess the scope for KCC to provide an over-arching spatial planning role for the development of new affordable housing as well as the necessary infrastructure.
- It would determine whether the provision of affordable housing would benefit from the greater scale which county council can bring to bear.
- It would examine the arguments for KCC to become the lead financial promotor for affordable housing in the county.

Every person should be given the opportunity to live in good quality and affordable housing. This committee would determine whether KCC can play a key role in tackling the intergenerational unfairness of our housing economy.

Proposer of the review - (Please print name and sign)

.....Trudy Dean.....

To be completed by the Directorate/Cabinet Member(s)

Are there any reasons why this review should not be put forward for inclusion in the work programme for 2017/18? (see Note 2 below)

The proposal identifies that the provision of affordable housing is a high profile area of Government policy which in recent years has undergone significant policy changes. Significant further changes to policy and legislation are expected which will likely change how the provision of affordable housing is delivered in England and in turn the County Council's future statutory or discretionary roles related to affordable housing.

In February 2017 the Government published a White Paper titled '*Fixing Our Broken Housing Market*', setting out the government's plans to reform the housing market and boost the supply of new homes in England. Four specific proposals were made within the document, these are yet to be incorporated into policy:

1. Publish a revised definition of affordable housing as part of our revised changes to the National Planning Policy Framework.
2. Proposed to make it clear in national planning policy that local authorities should seek to ensure that a minimum of 10% of all homes on individual sites are affordable home ownership products
3. Introduce a household income eligibility cap of £80,000 (£90,000 for London) on starter homes.
4. Introduce a definition of affordable private rented housing

In 2012 the Government introduced the National Planning Policy Framework (NPPF) which sets out government's planning policies for England and how these are expected to be applied to both plan making and the determination of individual planning applications; affordable housing features heavily within the document. The NPPF is currently subject to a review and Government is expected to publish an updated version soon; this is likely to incorporate some of the changes set out in the White Paper but may also set out further policy changes related to affordable housing provision and town planning more generally.

The Community Infrastructure Levy came into force in April 2010 and allows local planning authorities to raise funds from owners or developers of land undertaking new building projects in their area, to help fund infrastructure; designed to largely replace the s106 regime which has been in place for a long time.

The government commissioned an independent review of the community infrastructure levy in November 2015 to assess the extent to which CIL does or can provide an effective mechanism for funding infrastructure, and to recommend changes that would improve its operation in support of the government's wider housing and growth objectives. The independent review group submitted their report to ministers in October 2016, the report was published in February 2017 and proposes significant changes to how CIL could operate in the future. It is not known to what extent the Government will change the current CIL mechanism in response to the review; prior to the general election it had been announced that policy changes would be implemented through the Budget in November.

The numerous changes expected in affordable housing policy are likely to significantly change the legislative framework underlying the proposed Topic Review's evidence base. The expected changes may also alter the different options available to the County Council that the Topic Review would seek to identify.

How will the review contribute to corporate objectives and priorities?

The Review proposes to examine three main areas:

1. Affordable housing – Housing of various forms, governed by statutory legislation being sold or rent at less than market value, including Social Housing
2. The affordability of housing – the ability of residents to afford open market homes
3. The provision of infrastructure to support all housing types

This is a particularly broad scope which relates to *Strategic Outcome 2: Kent communities feel the benefits of economic growth by being in-work, healthy and enjoying a good quality of life*. The review has an objective to increase the availability of affordable homes in the county, this links with *Supporting Outcome 2.5 We support well planned housing growth so Kent residents can live in the home of their choice*.

How will this review have an impact on KCC policy development and/or help to influence national policy?

The County Council does not hold any statutory duties to deliver or influence the provision of affordable housing; it does not currently hold a policy or undertake discretionary activities relating to affordable housing.

The Government is expected to implement a number of policy and legislative changes in the near future, these changes are likely to take place prior to the proposed review's conclusion, making the timetables incompatible.

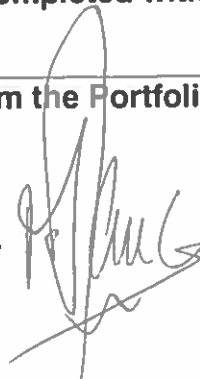
How will this review add value to the County Council and residents of Kent?

To have impact on the residents of Kent the recommendations of the review would likely need to be adopted by those authorities which hold statutory duties/powers related to affordable housing, namely district authorities and the Government.

Does the review need to be completed within a specific timeframe? No

Any additional comments from the Portfolio Holder/Corporate Director:-

Portfolio Holder's Signature:-



Corporate Director's Signature:-

Contact Officer:-	Date:-
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Notes

Note 1 - Possible reasons for the review

1. Key public issue, identified by
 - Member contact with constituents/member surgeries
 - Contact with key representative bodies/forums
 - Media coverage – Public interest issue covered in local media
 - Focus groups/citizens panels
2. Issue highlighted via previous reviews
3. Issue recommended to another body e.g. Cabinet, Scrutiny Committee, a Cabinet Committee, Directorate or an external body.
4. Poor performing service i.e.:
 - High level of complaints/dissatisfaction with service
 - Performance standards poor/below target – (evidence from PI's or benchmarking)
 - Identified through external review/inspection (OFSTED/Audit etc)
 - Budgetary overspends
5. Key reports or new evidence published
6. County Council priority
7. Central Government priority/New Government guidance or legislation published

Note 2 - Possible reasons why a review should not be added to the work programme.

1. Issue being examined by
 - Cabinet
 - Scrutiny
 - Officer Group
 - another internal body
 - an external body
2. It has been the subject of a topic review by other Councils from which details of best practice can be obtained.
3. New legislation or guidance expected.

4. **NB:** Before suggesting that a review should not be included in the work programme the following should be considered:-

Could consideration of this issue 'add value' without causing unnecessary duplication, for instance by:

- i) Looking at this issue in conjunction with another group,
- ii) Through appropriate timing of the topic review,
- iii) Through considering another group's findings rather than duplicating the same/or similar activity.