

KENT COUNTY COUNCIL

SELECT COMMITTEE – AFFORDABLE HOUSING

MINUTES of a meeting of the Select Committee – Affordable Housing, held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 19 May 2022.

PRESENT: Mr R Thomas (Chairman), Mr T Bond, Mr P C Cooper, Mrs T Dean MBE and Ms S Hamilton

ALSO PRESENT: Mr D Murphy (Cabinet Member for Economic Development)

IN ATTENDANCE: Ms S Holt-Castle (Director for Growth and Communities), Ms R Spore (Director of Infrastructure) Mr J Cook (Democratic Services Manager) and Mr G Romagnuolo (Research Officer - Overview and Scrutiny)

IN ATTENDANCE (VIRTUAL): Mr D Shipton (Head of Finance – Policy, Planning and Strategy)

UNRESTRICTED ITEMS

1. **One year-on update report** (Item 1)

1. Mr Thomas welcomed the Select Committee Members and the guests to the one year-on reconvened meeting of the Affordable Housing Select Committee. He invited Mr Murphy to introduce his report.

2. Mr Murphy (Cabinet Member for Economic Development) reported that, during the financial year 2020/21, completions of affordable homes in Kent stood at 1,691 (23.4%) - a similar proportion to those delivered across England (24.1%), and in line with the 10-year county average. However, affordability in Kent was reported at 11.07 times the income, and considerably higher than the England average of 8.04. Housing affordability in the county therefore remained an issue.

3. In terms of national policy, he explained that there had been significant changes in government policy since the publication of the Select Committee's original report. In particular, housing was one of the main elements of the Levelling Up White Paper.

4. He stated that the pledge to build more social housing and the potential for more local control over affordable homes in the Levelling Up Paper was welcome, although there was a concern that changes to the operation of Homes England within the context of Levelling Up could potentially shift funding away from the South East.

5. In terms of KCC's financial context, the Cabinet Member pointed out that, as the Select Committee report rightly cautioned, it was important to be pragmatic in the extent to which KCC could enable the delivery of more affordable homes, due to the current financial climate, and affordable housing not being a principal role of a County authority.

6. Ms Holt-Castle (Director for Growth and Communities) explained that, in the recent First Reading of the Levelling Up and Regeneration Bill (2022), the government was committed to the new Infrastructure Levy securing at least as much affordable housing as developer contributions do now.

Recommendation 1

7. Ms Holt-Castle reported that the Kent and Medway Growth and Infrastructure Framework was currently being transformed into a digital online platform, and that this platform would support work towards the "Infrastructure First" Infrastructure Proposition, including mapping at a county level the provision of affordable housing. Engagement with local planning authorities was already strong, for example with the commitment with a number of local planning authorities to commence a pilot scheme in late summer 2022, and through the collective endeavour in this area by organisations such as the Kent Joint Chiefs, Kent Housing Group and the Kent Planning Officers Group.

Recommendation 2

8. The Cabinet Member explained that there was a move towards stronger arrangements between five east Kent districts, including housing. A Member applauded this move, although pointed out that there were contrasting priorities that sometimes local authorities had to balance out.

9. In response to a Member's comment about the extent to which KCC disposed its land to promote the building of affordable housing, Ms Spore (Director of Infrastructure) clarified that, with the exception of surplus school sites, the majority of KCC's portfolio was characterised by small sites which were not of a scale where a JV arrangement would be viable.

10. Ms Holt-Castle explained that, as at May 2022, Kent Joint Chiefs had agreed to establish a number of collective, thematic priorities, of which Growth was one.

Recommendation 3

11. Ms Spore discussed that KCC had a robust process in place for identifying surplus land that came forward for sale and/or redevelopment. She added that, in terms of the Disposal policy, there was a mechanism in place to take affordable housing into account. However, given that KCC was not a Local Planning Authority, it was not easy to determine with accuracy the direct benefits to KCC which were accrued from enabling affordable housing.

12. In response to a Member's comment about the need for more Member involvement in relation to the impact of KCC's land disposal, Mr J Cook (Democratic Services Manager) clarified that the KCC's disposal process and arrangements were a responsibility of the Executive and, in particular, of the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services. The process for any decisions and Member involvement is set out in KCC's Constitution.

Recommendation 4

13. Ms Holt-Castle clarified that a proposal to develop a Housing Growth Unit had to recognise current financial constraints and that, given the current climate, KCC would develop a proposal to encompass the Housing Growth Unit proposal within a realigned Growth and Communities team. Ms Holt-Castle confirmed that such a structure would identify a single point of access for each District on housing-related issues.

Recommendation 5

14. Ms Spore commented that, as explained earlier, KCC's Infrastructure service had explored joint venture models and concluded that KCC did not own land of sufficient size and scale which would be attractive to the housing market. Also, while KCC was open to the principle of establishing housing joint ventures, it needed to be mindful of the potential returns against the resource requirement to deliver this type of schemes and its risk appetite. She added that the Disposals Programme was challenging and, currently, it had been the primary focus for disposal and development to maximise the capital receipt to the council, as reinvestment funds would be available without resorting to more borrowing than necessary.

Recommendation 6

15. Mr D Shipton (Head of Finance – Policy, Planning and Strategy) clarified that - in relation to investigating the feasibility of different ways of funding the delivery of housing and genuinely affordable housing schemes in Kent – in order to comply with the Prudential Code for capital finance, local authorities were not allowed to borrow to invest in projects primarily intended for financial return.

16. A Member commented that, it was not prudent for KCC to make investments in social housing using its Superannuation Fund.

Recommendation 7

17. The Cabinet Member commended KCC's No Use Empty scheme, which had been recognised and applauded at national level.

18. In response to a Member's comment about the different definitions of "affordable housing" that are used to measure this type of housing provision, Ms Holt-Castle clarified that KCC used the government's official definition (this definition of affordable housing is set out in Annex 2 to the National Planning Policy Framework).

Recommendation 8

19. A Member clarified that the letter was sent by the former Cabinet Member for Economic Development, and that a response was received.

Conclusion

20. The one year-on meeting was the end of the Select Committee process. The Clerk confirmed that the minutes of the reconvened Select Committee would be submitted to the Scrutiny Committee in June 2022.

21. The Committee noted the progress update, and noted that any further progress would be reported to the Growth, Economic Development & Communities Cabinet Committee.

22. The Chairman thanked all the people who had assisted in the inquiry, and thanked the guests for attending the meeting and for answering Members' questions.

RESOLVED that the Select Committee note the progress to date of the Affordable Housing Select Committee recommendations, and note that any further progress would be reported to the Growth, Economic Development & Communities Cabinet Committee.