

KENT COUNTY COUNCIL

SELECT COMMITTEE - AFFORDABLE HOUSING

MINUTES of a meeting of the Select Committee - Affordable Housing held in the Darent Room, Sessions House, County Hall, Maidstone on Wednesday, 12 February 2020.

PRESENT: Mr R J Thomas (Chairman), Mrs P M Beresford, Mr D L Brazier, Mr P C Cooper, Mrs T Dean, MBE, Mr D Farrell, Ms S Hamilton, Mr D Murphy and Mr T Bond

ALSO PRESENT:

IN ATTENDANCE: Miss T A Grayell (Democratic Services Officer)

UNRESTRICTED ITEMS

3. **Membership** (Item 2)

Members were asked to note that Mr Bond replaced Mrs Hurst and Mr Murphy replacing Mr Lake.

4. **Tom Marchant (Head of Strategic Planning and Policy and Interim Head of Countryside and Community Development), Tim Woolmer (Policy & Partnerships Adviser – Kent Public Services) and David Godfrey (Policy Advisor)** (Item 3)

1. The Chairman opened the hearing by informing the committee of the terms of reference which are:

- a) To define and put into context affordable housing.
- b) To explore Kent County Council's (KCC) current role in supporting the development of new affordable housing in Kent.
- c) To consider additional ways in which KCC can support the development of affordable housing in Kent.
- d) For the Affordable Housing Select Committee to make recommendations after having gathered evidence and information throughout the review.

2. The Chairman welcomed the three guests; Tim Woolmer, Tom Marchant & David Godfrey to the Select Committee meeting and invited all those present to introduce themselves.

3. Tom Marchant explained that he was Head of Strategic Planning and Policy within Growth Environment and Transport directorate for KCC and Tim Woolmer explained that he leads on housing within the corporate policy unit as well as having a wider focus on strategic relationships with KCC's statutory partners.

4. Both Tim Woolmer and Tom Marchant presented a power point presentation to Members headed 'Affordable Housing'.

5. During the presentation the Chairman reminded Members that questions could be asked at any time. The presentation was paused during the slide on 'Challenges in delivering affordable housing'.

6. Mr Brazier asked if there was a difference in the quality of affordable housing compared to full market price housing on the same site? In relation to permitted development rights and commercial properties in town centres, he felt that these units were being bought up by developers to be converted into units of accommodation and then let to Local Authorities who were then responsible for providing accommodation and whether this was what was being referred to within the presentation?

7. Tom Marchant advised that it was his understanding the Government was about to release findings of a review which discussed these issues especially around quality of accommodation. However, he clarified that the accommodation should be the same for both affordable housing and the market housing. There is a strong policy focus on integration of units and for them to be undistinguishable from the market housing.

8. Tim Woolmer informed Members that there had been greater focus within Kent and Medway to work with London Councils on deterring placements of homeless households into the county, particularly into former office blocks converted for residential use under permitted development. These are often in town centre environments without the necessary infrastructure to support residential dwellings such as school places, health provision and come without developer contributions meaning that any necessary provision is completely unfounded and difficult to establish, compounding capacity issues on already stretched local services.

9. Brian Horton who was in attendance to speak on the item 5 of the agenda added that in his experience as a Chief Executive of a Housing Association and Head of Housing for a District Council, there were many cases that social housing was usually a higher standard than homes for sale because a landlord building homes to let for forty to sixty year periods needed to ensure that they were durable and not only for the immediate needs but also future generations. The 'Decent Home Standard' was a government set of standards that Local Authorities and Housing Associations had to meet.

10. Mr Farrell questioned whether the percentage of affordable housing through section 106 agreements were tracked? In terms of the viability argument with developers, Mr Farrell asked for views on ability of larger house builders to

make more robust viability arguments and how that has changed over time and the district capacity to challenge those arguments.

11. Tom Marchant addressed the first point on delivery information, he explained that Local Planning Authorities must publish at least annually, an Authority Monitoring Report setting out the success of policies against indicators in their Local Plans. In the past KCC had published its own monitoring reports, however he would need to clarify what the current position was. In terms of viability, the major housebuilders did almost inevitably have greater access to resources, however, over recent years, local planning authorities had committed significant resources to improve the depth of knowledge and understanding on these matters.

12. Tim Woolmer reminded Members that they will be hearing from both Kent Planning and Development groups during the Select Committee sessions.

13. Mrs Beresford raised concerns about developers not meeting their quota of 30% social and affordable housing although they had initially agreed to do so and asked what the answer would be?

14. Tom Marchant felt that although this is not uncommon, legislative change and redressing the emphasis in national policy and guidance were part of a wider ongoing debate regarding land value capture. Often one of the key issues was the price paid for the land in a competitive market, and the impact on the level contributions available for infrastructure and affordable housing. The Royal Institution for Charters Surveyors has recently consulted on fresh draft viability guidance reflecting the latest changes to national planning policy and guidance.

15. Mrs Dean asked who determines the Local Housing Allowance rate and what and who decides on the definition. During the presentation there were discussions about ratio of affordability and the relationship between income and house price, Mrs Dean asked if there was a gold standard and what ratio should be aimed for? On the issue of how housing numbers were calculated, there are 3 indicators from the government, she asked which was the gold standard? In relation to garden communities Mrs Dean commented on proposals for garden settlements which the Government had announced it would give £19 million of funding but which hadn't been approved through local plans. This in turn could undermine what had been achieved through their local planning and she sought views from the speakers.

16. Tim Woolmer addressed the point on who sets the rates and advised that Local Housing Allowance rates are set by the Valuation Office Agency on behalf of Government according to broad rental market areas and the number of bedrooms the household is deemed eligible for. Changes in Government policy has meant that the number of private rented properties that are available within Local Housing Allowance Rates has steadily reduced since 2011 Tim Woolmer will provide more detail to the Committee on this. On an optimum affordability ratio between house prices and earnings, there is not an easy or universal answer. Whilst it is true that the current low cost of borrowing and schemes such as Help to Buy does still make mortgages accessible to households with sufficient

income in the south east, conditions can change quickly, and any definitive answer to the question would require a comprehensive piece of national research to be carried out.

17. Tom Marchant referenced the relationship between Kent and London and the pending response from the Secretary of State to the draft London Plan. There is a shortfall in meeting the housing need for London and the relationship with the wider South East region will no doubt be subject to further scrutiny in due course. On the query of Borough Green Gardens, it was explained that whilst Kent had several designated garden settlements in the Garden Communities Programme, this does not prejudice the statutory plan making process. Tom commented on several high-profile cases outside of Kent where garden settlements had experienced significant issues at independent Examination of Local Plans.

18. The presentation continued with David Godfrey contributing, suggesting areas where KCC might influence the delivery of affordable housing and introduced the proposed Kent & Medway Infrastructure Proposition.

19. Following the end of the presentation, Mr Murphy raised a point of having infrastructure first, as in his experience whenever there is an objection for a planning application to the infrastructure, Kent highways would often overturn the decision due to the roads being adequate.

20. David Godfrey commented that that in the proposed Infrastructure Proposition, the aim was that infrastructure should always come first. He agreed that working as a single entity within KCC was important, with agreed objectives to ensure that policy was joined up. At the same time, having a single conversation with Government as proposed through the Infrastructure Proposition, would further strengthen our dealings with Government for more funding and planning flexibility.

21. Tim Woolmer explained that detailed discussions on the Infrastructure Proposition would be needed before a deal could be completed. However, Leaders, were interested to progress.

22. Mr Farrell asked if there was a policy when KCC is the planning applicant?

23. Tom Marchant was not aware of any policy and each planning application should be treated on its own merits. Tom commented that the Committee would be hearing from Rebecca Spore (Director of Infrastructure) who will be well placed to answer that through an up and coming Select Committee.

24. Mr Bond questioned the panel whether KCC was going to take a lead on how to encourage the utilities to invest to support growth? In addition, with house prices being pushed up by London house prices how would KCC address this or would it be out of the remit to look at/question these pressures?

25. David Godfrey commented that if an Infrastructure Proposition went ahead there would be a bid for funding and powers in a number of areas, one of which

would be around the utility companies. He commented that SELEP had supported earlier work to encourage joint planning.

26. Mr Bond requested clarity that with private companies would KCC take a lead over aspects such as the road system etc?

27. David Godfrey confirmed the Infrastructure Proposition was looking primarily at what was needed to release difficult sites and working with individual Districts on what their priorities were.

28. Brian Horton commented that at a macroeconomic level, the way to contain house prices and inflation would be to build more homes where those people want to live. The housing market would then adjust although he was aware that that can bring enormous challenges. In terms of infrastructure what they have been discussing is public sector investment in infrastructure that will bring greater viability to areas that might struggle and reducing the potential for affordable housing or other social benefits to be reduced or lost. In terms of infrastructure there has been active dialog with various infrastructure providers through the Kent Development group from Housing & Finance Institute. Reference to Nick Fenton was made from the Kent Development Group who will be giving evidence at a later session.

29. The Chairman thanked both Tom Marchant, Tim Woolmer and David Godfrey for their valued input into the session and for answering Members questions.

5. Tom Marchant (Head of Strategic Planning and Policy and Interim Head of Countryside and Community Development), Tim Woolmer (Policy & Partnerships Adviser – Kent Public Services) and David Godfrey (Policy Advisor)

(Item 4)

Above

6. Interview with Brian Horton (Strategic Housing Advisor - South East Local Enterprise Partnership (SELEP))

(Item 5)

1. The Chairman referred to the previous session with Tim Marchant, Tim Woolmer and David Godfrey, for which Mr Horton had also been present, and thanked him for taking the time to attend. Mr Horton said he was very pleased that a select committee was looking at the issue of affordable housing in Kent as he knew from his 30 years' experience in housing how important an issue it was. He was keen to speak to the committee and thanked them for inviting him.

2. Mr Horton set out his experience before he had started his current consultancy role. He had previously worked for 3 - 4 years as a Strategic Housing Advisor to the County Council, and his role included encouraging joint working

between the County Council, District Councils and Medway Council. Before that, he had been the Chief Executive of the Swale Housing Association and the Head of Housing and Property at Thanet District Council. His current role was to run a very small independent housing consultancy retained by the SELEP and other public and private sector clients. The work was similar to what he had done with the County Council but had been scaled up to cover the whole of the SELEP area. He was also a Board member at West Kent Housing Association, based in Sevenoaks, working with commercial clients, advising them on how to work with the public sector. He was also the Chairman of the Kent and Medway Sustainable Housing Partnership Board.

3. Referring to his role in the SELEP, he was involved in supporting the development of the strategic economic plan for in the south east. Housing and jobs shared equal priority within the original SELEP Strategic Economic Plan and housing remained the key priority for the SELEP. He was currently working on the local industrial strategy (LIS), of which housing was a very important part. The LIS for the south east resonated with the Kent and Medway Housing Strategy (KMHS) and provided a strong strategic platform to support local ambitions, including accelerated housing delivery. The methodology for this work had been provide by the Government. SELEP had invested in his work as it saw housing as a priority, although it was not a direct deliverer of housing as it did not build. Instead, it worked with other partners to create an environment which was conducive to good development.

4. Mr Horton then responded to questions from the committee, including the following:-

- a. asked if the priorities of the SELEP, a business-led strategic board, aligned with the priorities of local government, Mr Horton explained that priorities needed to be a matter of balance. LEPs were in conception business-led, but the priorities of both they and local authorities needed to be based on an agenda for improving economic viability and improving productivity. Housing was a priority for the SELEP Board and this prioritisation had been welcomed by providers, supporting the idea of Kent being 'open for business' for good quality development;
- b. asked if the size of the SELEP helped with achieving its ambitions, as it was the largest LEP outside London, Mr Horton said the LEP could indeed use its size to its advantage. The large economy of the area covered by the SELEP gave it an influential voice with the Government. The three historic county areas covered by the SELEP – Kent, East Sussex and Essex – were united in the shared aim of achieving quality growth and infrastructure. It was important that infrastructure be developed first to support house building as this reduced the level of risk and uncertainty for housing providers and would encourage and enable them to include more affordable housing units in a development;
- c. asked about the role of Government funding allocations in supporting the building of affordable housing, Mr Horton advised that a rule with Government funding was 'use it or lose it'; any unspent allocation should

never be returned at the end of a financial year but should be spent fully on delivery. This would emphasise that such funding was much needed;

- d. it should always be possible for authorities working together to find common ground and achieve their shared aims. Trust and respect were both important; the SELEP had managed to overcome any adversarial element of their joint working and, as a result, had been able to build confidence and move ahead with a clear purpose. This allowed them to spend all available funds and resources on developing a healthy local economy rather than wasting them on in-fighting. Good joint working between developers and the planning authority would build confidence that Government funding for development was being used for its intended purpose. It was part of the role of the LEP Board to ensure that funding across the south east was consistent and the responsibility of the funding recipients to ensure that money was used for the purpose for which it was allocated to them;
- e. a member of the committee said that, when he had been involved with the SELEP in the past, the relationship between its members had been adversarial and asked if that relationship had since improved. Mr Horton replied that, given the large size of the SELEP, some tension and difference of opinion was inevitable. Resources should be allocated to achieve the most good at SELEP level; it was the responsibility of Federated Boards and the Kent and Medway Enterprise Partnership (KMEP) in Kent to identify and advocate for priorities;
- f. asked about work to address the problem of accommodation for former members of the armed forces, to stop them becoming homeless, Mr Horton explained that a Service Personal Sub-group had run for a while, to support the Kent Civilian and Military Partnership Covenant. Ex-service personnel could experience a problem proving a local connection in order to qualify for housing assistance. They may have been born in an area but then spent their adult life serving abroad and, when asked where they had lived most recently, the answer would be their last forces posting. Under the Covenant, they would be passed on to a local connection to be housed. Similar initiatives existed for other groups with special needs, for example, older people needing specialist or extra-care housing. Mr Horton added that he had served on the judging panel of the Kent Design Awards and had seen some good projects going on, run by coalitions of like-minded people who were willing to do their bit;
- g. asked about the variety of arrangements for social housing across the districts of Kent, with some District Councils being directly involved with housing associations and some having a more arms-length relationship with this area of provision, Mr Horton pointed to the County Council's role as neither a landlord or a housing provider but an active partner in groups such as the Kent Housing Group, and party to much good work. The County Council owned much land, which it disposed of from time to time, and was required to achieve the best consideration on such sales. As a landowner, it had influence on how the land was to be used and could use

its land holding strategically to achieve added value and support its wish to encourage the development of more affordable housing. The way in which it worked with District and Borough Council partners to achieve this would be instrumental to its success. The Select Committee would be interviewing the Director of Infrastructure, Rebecca Spore, at a later session and could ask about how the County Council sought to add value by taking a strategic view;

- h. asked about the use of the Kent pension fund to buy housing, and the duty upon the Superannuation Fund Committee to deliver the best value for money for Kent pensioners from its investments, Mr Horton advised that some pension funds had invested in property as a good long-term revenue stream. Pension funds were a big pot of money, which needed to generate the best revenue return to benefit their pensioners, for example, in the form of income from rents, so property could well form part of a mixed portfolio of investment;
- i. asked about the need to take a measured approach and identify the best way forward, for example, by building larger houses at a prestige site such as Discovery Park to attract scientists from abroad, what criteria would be used, and about the approach taken in the UK, where the need for infrastructure tended to be addressed later, whereas in the USA and Canada it was always built before new housing, and what options there were to change this arrangement, Mr Horton explained that the best developments relied on the certainty of the related infrastructure being readily developed before housebuilding started. Local Plans should reflect this. Local authorities should be brave in making a case for affordable housing to serve the needs of the local community, and to take proper account of patterns of housing need and demographic factors. The quality of housing should never be compromised, and if good affordable housing could be established, this would give the best of both worlds; Government housing figures would be met and the community need would be served. The approach taken was important. If a Parish Council and local people were to be asked to comment on a proposal to build 100 new houses in their area, they would most likely object. However, if they were asked if they wanted their children and grandchildren to have the choice to live locally, and if they wanted to be able to keep their local pub, shop and school, they would be more likely to support a good quality, mixed development as they would see the context and benefit of it. There was a 'sweet spot', a point at which a balance could be achieved in advocating for infrastructure to give some certainty of a development being successful, with the ultimate outcome that the local authority would achieve the housing provision it wanted;
- j. asked about the County Council's ability to direct how s106 funding should be used, Mr Horton explained that the community infrastructure levy (CIL) would help. 25% of the CIL went to Parish Councils. Many local communities were not aware of what was available to them as an outcome of development, for example, s106 funding, and how this could be used. It would be helpful if developers could give information about this on the

hoardings they erected around a site; alongside the number and type of houses being built there, the community benefits and resulting projects for that area could be outlined. Local politicians could play a vital leadership role in raising awareness and highlighting these benefits;

- k. asked about what could be done to satisfy a need for more affordable housing in an area which may not meet the criteria for such a development, Mr Horton advised that some areas, for example, coastal areas with poor quality housing, could benefit from special funding, for example, in projects such as 'live Margate'. Other areas having benefitted from similar projects were Hastings and Tendring. In the case of Margate, the economic boost arising from the location of Turner Contemporary and associated economic regeneration had led to positive improvement in an underperforming housing market. Thanet District Council had also invested to provide social housing for local people. The communities in many coastal areas had a transient element, in part related to poor quality private rented homes. The concept of better housing for better health had arisen from efforts to address public health issues, as being homeless or in poor quality housing was known to significantly harm a person's health. The County Council was responsible for public health so had a role in supporting the improvement of housing standards;
- l. asked about small rural developments, Mr Horton explained that smaller rural sites could be delivered as Rural Exception Sites. From the point of view of a landowner, the permitting of appropriately-sized mixed-tenure developments offered the best use of land and hence gave encouragement to bring sites forward;
- m. asked how the delivery of affordable housing could be accelerated, Mr Horton advised that the front-funding of infrastructure would help as this would support the viability of a site and reduce the potential for the development to stall. He chaired an Affordable Housing Round-table Group, on which he would seek to have this issue discussed. Developers would only build at any particular site if they could achieve a sufficient profit margin there;
- n. asked to clarify the order in which a development should be approached, ie securing infrastructure first, or putting a charge on the land, and what would constitute the best use of funding, Mr Horton said that securing infrastructure first and putting a charge on the land as the approach followed by Homes England, for example, at the Peters Village development near Wouldham. Ashford Borough Council had applied an infrastructure-first approach to a new junction on the M20, which would enable delivery of a considerable number of new homes, based on a deal with Homes England on receipts covering the reimbursement of infrastructure costs; and
- o. Mr Horton advised on the potential advantages of enabling the application of Homes England grant to s106 elements of developments where this enabled the accelerated delivery of otherwise-stalled sites.

5. Mr Horton asked if any Member of the Select Committee had previously visited any type of affordable housing development, built by either a local authority or housing association, and offered to arrange a visit.

6. The Chairman thanked Mr Horton for giving his time to attend and help the Select Committee with its information gathering and advised him that a written summary of his interview would be sent to him for checking and approval.