

From Derek Murphy, Cabinet Member for Economic Development
Stephanie Holt-Castle, Director for Growth & Communities

To Affordable Housing Select Committee – 19th May, 2022

Subject Affordable Housing Select Committee - Progress Report

Classification: Unrestricted

Summary:

This paper provides an overview of progress on the recommendations of the Affordable Housing Select Committee.

Recommendation:

The Committee is asked to note this report.

1. Introduction

The Affordable Housing Select Committee published its report in July 2020. Following endorsement by County Council, an action plan was presented to the Scrutiny Committee on 27th November 2020 accepting all recommendations.

This paper provides an update on progress against recommendations and next steps.

2. Background

2.1 Affordable Housing in Kent

Latest analysis from [Kent Analytics](#) reports completions of Affordable Homes in the county standing at 1,691 (23.4%) during the financial year 2020/21, a similar proportion to those delivered across England (24.1%) and in line with the 10 year county average. However, affordability in Kent is reported at 11.07 times income with significant variations by District and considerably higher than the England average of 8.04^{1,2}. Housing affordability in the county therefore remains a major issue.

This data is reinforced by recent property market surveys with website Rightmove reporting [average house prices in Margate more than doubling](#) in the last decade. At the same time, [rent rises last year](#) are reported as some of the highest in the country at almost 20%, with the number of prospective tenants more than three times that of the number of properties available.

¹ [Housing affordability in England and Wales - Office for National Statistics \(ons.gov.uk\)](#)

² [Affordable housing supply in England: 2020 to 2021 - GOV.UK \(www.gov.uk\)](#)

The current challenge of housing delivery in the county of all types can be clearly seen in the Government's Housing Delivery Test with 9 of the 13 planning authorities in Kent and Medway recently below the designated delivery threshold. Some form of consequence will now to be applied in accordance with the National Planning Policy Framework and its presumption in favour of sustainable development.

In particular, viability remains a significant barrier to delivery with a direct impact on the number of affordable homes a development can support.

2.2 National Policy context

There have been significant changes in emerging Government policy since the Select Committee's report. In particular, the Levelling Up White Paper provides a potential policy framework for the rest of the Parliament. This includes housing as one of the critical missions to guide the Government's programme.

Ben Everitt MP: *"Housing is the biggest most expensive, the longest part of the levelling up puzzle. But has to be central to the whole thing".*

Secretary of State: *"Totally - yes absolutely spot on!"*

Source: Housing, Communities and Local Government Committee, 2022

The pledge to build more social housing and the potential for more local control over the major Affordable Homes Programme in the White Paper is welcome. Although, changes to the operation of Homes England at the same time - including its focus on regeneration and the "80/20 rule" which prioritised spending in places with low housing affordability - have the potential to move money away from the South East.

Prior to the White Paper, the Government offered positive support for strategic partnerships with Registered Providers (ie Housing Associations) with greater funding flexibility to support the delivery of affordable homes. However, the flagship "First Homes" initiative offering discounted market values of a minimum 30% to first time buyers has proved less of an opportunity in Kent, playing better where housing markets are less active and where lower property values make the £250k cap much less of an inhibitor. This again illustrates the challenge of house prices within parts of the county.

Further legislation is now awaited with the expectation of a "Levelling Up and Regeneration Bill" in the Queens Speech in May drawing together elements of both the Levelling Up White Paper and the earlier Planning White Paper.

We continue to work closely with county-wide partnerships including the Kent Housing Group, Kent Chief Planners, Kent Housing & Development Group and Kent Estates Partnership to identify and develop new opportunities to support delivery in the county, including our "Infrastructure First" approach to investment.

3. KCC Financial Context

The Select Committee report rightly highlighted the need to be pragmatic in the extent to which KCC could enable the delivery of more affordable homes due to financial and resource constraints. Since publication, KCC's finances have become even more constrained with the impact of rising inflation and supply and demand issues increasing costs across the authority.

While our current disposal pipeline has an estimated value of c£90 million based on current projections, the forgone opportunity costs should the Council have to borrow the equivalent sum would equate to £6.3 million of year-on-year revenue costs for the next 25 years, which would need to be found elsewhere in the budget through operational savings. To put £6.3m of revenue costs into context this equates to £11.14 on the band D council tax (excluding social care levy). The capital strategy also states that borrowing is a last resort and there is no appetite to increase our liabilities.

In response to these financial pressures, KCC has proposed that its Disposal Policy should in the first instance prioritise its own capital investment priorities³ unless a proposal can evidence a reduction in statutory service costs subject to a full and robust business case.

Any use of assets for affordable housing (above the planning requirement for consent) should therefore be considered in this respect.

4. KCC's role in enabling housing delivery

While Kent County Council is not a local planning⁴ or housing authority – and we must operate within the above financial constraints - we do play a major role in enabling new housing.

What we do by planning and attracting infrastructure investment into the county; by requesting and negotiating developer contributions to support our essential infrastructure and services; and by delivering homes for older people and bringing empty homes back into use all contribute to housing supply. In our own right we are a property developer, landholder and investor. We are a statutory planning consultee on all major applications as the highways, education, flood and social care authority.

We recognise that the demand for affordable homes is increasing and the importance of providing housing that is of high quality, in the right location and with the infrastructure to support residents to have a good quality of life.

Further, we understand the vital role that the construction and housing industry plays in our local economy and the potential stimulus to employment,

³ <https://democracy.kent.gov.uk/ieListDocuments.aspx?MId=8962&x=1&>

⁴ KCC has a statutory role as Minerals and Waste Planning Authority

skills and regeneration that investment in affordable and social housing can deliver.

Within the existing financial environment and reflecting our role as a strategic authority, the attached grid details progress and next steps against each recommendation.

Recommendation:

The Committee is asked to note this report.

5. Background Documents

The Affordable Housing Select Committee Report, July 2020 can be found at: https://www.kent.gov.uk/_data/assets/pdf_file/0017/110339/Affordable-Housing-Select-Committee-report.pdf

6. Contact details

Report Author: David Smith

Relevant Director: Stephanie Holt-Castle

Business and Enterprise Programme
Director

Director, Growth & Communities

Telephone number: 03000 415 324

Telephone number 03000 412064

Email: David.Smith2@kent.gov.uk

Email: stephanie.holt-castle@kent.gov.uk

Appendices

1. Affordable Housing Select Committee – Implementation of Recommendations
2. Letter to Secretary of State from KCC Cabinet Member for Economic Development
3. No Use Empty Newsletter 2022/23