

Affordable Housing Select Committee – Implementation of Recommendations – Progress Report

	Recommendation	Acceptance	Detail
1.	KCC should encourage the inclusion, in the Growth and Infrastructure Framework, of information about the provision of affordable housing in each Kent district. This would help to highlight infrastructure requirements to support genuinely affordable housing at a more local level.	<ul style="list-style-type: none"> Recognising the increasing focus on affordability within the county as demonstrated by the work of the Select Committee, it is agreed that future revisions of the Growth & Infrastructure Framework (GIF) will include information about the provision of affordable housing. 	<ul style="list-style-type: none"> While some basic analysis of affordable housing provision was included in the most recent GIF update – on numbers built vs. policy requirements – a picture of the spread and potential demand will not in itself highlight infrastructure requirements. More complex analysis around the proportion of developer contributions directed to Affordable Housing, and a full breakdown of numbers, will be dependent upon that information being available.
	Progress		
	<ul style="list-style-type: none"> The Kent and Medway Growth and Infrastructure Framework is currently being transformed into a digital online platform. Subject to the success of an initial pilot phase, this 'Infrastructure Mapping Platform' will provide a comprehensive and dynamic picture of planned growth and infrastructure across Kent and Medway to facilitate the coordination of sustainable future planning and delivery. This digital online platform will underpin work towards the "Infrastructure First" Infrastructure Proposition including the support of affordable housing. Engagement with local planning authorities within the geographical area of the pilot is anticipated to commence in late summer 2022. We will continue to encourage the inclusion of information about the provision of affordable housing in each Kent borough/district which would be included in district chapters. 		

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2.	KCC should invite all Kent district councils to put in place more formal, joint housing planning arrangements. It is hoped that this will promote joint working and communication and enhance and accelerate the delivery of infrastructure and housing in Kent.	<ul style="list-style-type: none"> KCC will continue to work with all Kent district councils to enhance and accelerate the delivery of infrastructure and affordable housing in Kent. 	<ul style="list-style-type: none"> As far as possible, this should be achieved through existing bilateral relationships and the very successful and well-established groups and structures already in place including the Kent Planning Officers Group, Kent Housing & Development Group, Kent Housing Group, Kent Estates Partnership and Kent Finance Officers. If additional arrangements are required, these should then be established through the structure of Joint Kent Chiefs.
	Progress		
	<ul style="list-style-type: none"> Strong working relationships are being maintained with all established groups and structures. In particular, work on the Infrastructure First proposition continues to be developed with the Kent Chief Planners. As at May 2022, Kent Joint Chiefs has agreed to establish a limited number of thematic priorities, of which Growth is one. KCC is one of the agreed leads for the theme. The Infrastructure First approach is a stated ambition in KCC's Strategic Reset Programme, supporting both an infrastructure investment bid to Government and new ways of working within the Council to support infrastructure planning and delivery. 		

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3.	<p>KCC should explore ways of releasing more of its land for building genuinely affordable housing.</p>	<ul style="list-style-type: none"> KCC will take steps to explore this recommendation as part of its existing arrangements for releasing surplus land. 	<ul style="list-style-type: none"> KCC has a robust process in place for identifying surplus land that can come forward sale for and/or redevelopment. KCC still has a requirement to maximise the value the council derives from disposal of surplus assets and needs to minimise additional borrowing to fund new capital infrastructure projects. Local authorities require that developments of housing over their own defined threshold would be required to comprise a minimum percentage of affordable housing and will negotiate with the developer as to the form these can take. KCC already allocates land that is not required for an operational use for disposal. KCC will continue to review its asset base in line with service need and release surplus land for disposal on the market. The current asset management plan runs to 2023, however it is currently being updated and as part of this will consider the opportunity to accelerate the release of assets as part of its asset review process. It is anticipated that this review will conclude in 2021. We will keep a record of the number of affordable housing units that are created as a result of KCC releasing land this will be put in place from 1st April 2021.
	<p>Progress</p>		
	<ul style="list-style-type: none"> KCC has a robust process in place for identifying surplus land that can come forward sale for and/or redevelopment. Furthermore, it is currently engaged in bringing forward KCC's Future Assets Strategy linked to KCC's Strategic Reset Plan. Some of these assets may well be suitable for facilitating delivery of Affordable Housing. Where this is the case, Infrastructure ensures that relevant housing authorities are advised and can bid. Reallocating assets for uses such as affordable housing must be considered under the provisions of the KCC Constitution and at present with financial pressures in the capital and revenue budget, justification that would amount to a subsidy could not be accepted. Any such allocation would necessarily be based on the support it may provide in delivering Economic, Public Health, Education and Social Care outcomes. The current Disposals pipeline is c.£90m of property assets. Not all assets will be a redevelopment proposition. It is proposed that these assets all be sold on the open market in order that KCC's capital receipts are maximised to mitigate against KCC's reinvestment and borrowing requirement. This is critical given the additional pressures on the capital programme. 		

- Where Housing Authorities would like to offer on one of KCC's surplus assets for affordable housing, KCC may support this through utilising a "Special Purchaser" disposal process. It will not however offer sites at below market value, unless there is a compelling case from the Housing Authority that supports KCC's objectives. Where sites are to be disposed of, they will be socialised via the Kent Estates Partnership.
- KCC has augmented its current best capital receipt approach to include the evaluation of offers for specific uses like affordable housing. However, any such proposal must evidence a tangible benefit to KCC such as it being able to reduce its service costs etc.
- KCC received 1 bid in the last financial year to provide affordable housing above the local policy requirements. The bid did not evidence any tangible KCC benefit. The opportunity cost essentially equated to a subsidy of (£17.2k) per unit.
- From April 2021, KCC's Disposals Team has kept records of the number of affordable units its sales facilitate. Between 2021-22 KCC sold c.£7.8m of surplus assets. From these sales at least 42 affordable units were created.

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4.	<p>KCC, in consultation with Kent district councils, should develop a proposal for establishing a Housing Growth Unit to accelerate the delivery of housing, and genuinely affordable housing in particular, in the county. Objectives of the Unit would include:</p> <ul style="list-style-type: none"> • Supporting the housebuilding industry. • Promoting collaboration and a joined-up approach within KCC, and streamlining joint working between KCC and external organisations, in order to address housing-related issues efficiently and effectively. • Bidding for Government funds. • Supporting Kent’s local planning authorities when requested by offering timely and consistent responses. • Conducting research on the effectiveness of particular housing initiatives, interventions and government policies with the objective of 	<ul style="list-style-type: none"> • KCC will develop a proposal to establish a “virtual” Housing Growth Unit to provide a single point of access on housing related issues. 	<ul style="list-style-type: none"> • A proposal to develop a Housing Growth Unit must recognise current financial constraints and - in the first instance – it is likely that any Unit would be a network of existing officers whose work relates to housing. • KCC is unlikely to be able to invest in additional officer capacity for the foreseeable future. • In developing the Unit’s objectives, feedback would be sought on priorities and objectives from within KCC and from Kent’s District Councils in agreeing clear performance indicators. • Wider consultation would also take place with the Kent Developers Group, Kent Housing Group and Kent Planning Officers Group and Essex County Council which has developed a similar capacity.

	<p>best meeting the housing needs of Kent's communities.</p> <ul style="list-style-type: none"> • Researching and spreading best practice from around the country. 		
Progress			
<ul style="list-style-type: none"> • The Housing Growth Unit proposal is part of the restructure currently underway in the Growth, Environment & Transport Directorate. • Within the restructure, the capacity outlined by the Select Committee will be delivered and is likely to be part of a wider team with complementary responsibilities. • In consultation internally and with established groups, draft terms of reference were developed including the following objectives to inform its operation including relationships with District Councils partners. <p>Objectives of this capacity would include:</p> <ul style="list-style-type: none"> • Providing one-stop-shop access within KCC for external partners for all housing related issues in cases where individual contact has not already been made; this will include initial problem solving and bringing people together where a co-ordinated response is required. • Supporting the shared housing delivery aims of local planning authorities, joining up KCC's housing ambitions (eg Extra Care) with those of Kent Districts where appropriate. • Co-ordinating bids for Government funds where housing is the primary focus and to support those where there is a secondary housing link. 			

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5.	<p>KCC should assess the feasibility of establishing a joint venture scheme between KCC and a partner organisation, such as a housing association or housing development company, to maximise the delivery of new housing and genuinely affordable housing in the county.</p>	<p>KCC will continue to explore the joint venture models, recognising the growing market in patient capital investment.</p>	<ul style="list-style-type: none"> • KCC has previously explored joint venture models and continues to be mindful of joint venture options when marketing property, although the original report concluded that KCC did not have land of sufficient size and scale which would be attractive to the market and warrant the costs. • We will however market properties with the potential for joint ventures and assess the feasibility of holding assets on until later in the development cycle. • The ability and the extent to which the Council is able to participate is also linked to the available funding streams and the best value judgements as to the impact of any reduced capital receipts to the Council. The current financial position of the council is such that all capital receipts are required to reduce the Councils borrowing requirements and to support the priorities identified in the capital programme. • The current capital programme and drivers for the use of receipts ends financial year 2022/2023, the new capital programme will be approved by Council in February 2021 and will cover a 10-year period. • Alongside this the property team will review the initial joint venture business case with a particular focus on affordable housing which will conclude in the second quarter of 2021. • The property team will however work with the team developing the infrastructure proposition to identify areas and opportunity to consider the business case further particularly in light of any funding streams that may be available.
	<p>Progress</p>		
	<ul style="list-style-type: none"> • KCC Infrastructure has explored joint venture models and concluded that KCC did not have land of sufficient size and scale which would be attractive to the market and warrant the costs. Whilst KCC will always be open to JV proposals going forward, it needs to be mindful of the potential returns against the resource requirement to deliver such a scheme and its risk appetite. • The Disposals Programme is demanding and must be the primary focus for disposal and development at this time in order that capital receipts are maximised via conventional routes and delivered in time so that reinvestment funds are available without resorting to more borrowing than necessary. 		

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6.	KCC should investigate the feasibility of different ways of funding the delivery of housing and genuinely affordable housing schemes in Kent. This should include exploring investment in social housing by the Council's Treasury Management and Investment Strategies, and its Capital Programme Strategy, and invite the Superannuation Fund to consider doing so where it would not compromise their duty to achieve reasonable returns.	<ul style="list-style-type: none"> KCC will consider the potential of different forms of funding to support affordable housing. 	<ul style="list-style-type: none"> As a pure investment "affordable" housing is very unlikely to meet our investment criteria with regard to anticipated loans or liquidity. KCC will only be able to assess investment potential once outline business cases for individual projects/programmes have been developed. For the pension fund, its fiduciary duty is the primary objective, so again affordable housing may not align with the fund's investment strategy. As the county council is not a housing authority, there are likely to be additional complexities in developing an affordable housing programme.
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	<ul style="list-style-type: none"> The Chartered Institute of Public Finance and Accountancy (CIPFA) published a revised Prudential Code for capital finance in local authorities on 20th December 2021. The revised code took immediate effect. To comply with the Code local authorities must not borrow to invest in projects primarily intended for financial return. The Code also states that it is not prudent for local authorities to make investments or spending decisions that will increase the Capital Financing Requirement (CFR) unless directly or primarily related to the local authority's function. This severely constrains borrowing by upper tier authorities to invest in social housing. Given the KCC's financial challenges, Infrastructure is not pursuing affordable housing as an investment opportunity. 		

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7.	The Committee commends KCC's No Use Empty initiative and urges the use of the recently approved Treasury Management Fund to expand the provision of genuinely affordable housing in Kent through this initiative as a policy priority.	<ul style="list-style-type: none"> The No Use Empty Programme will seek to provide affordable housing where possible and encourage this through future marketing. 	<ul style="list-style-type: none"> The primary aim of No Use Empty (NUE) Initiative is to improve the physical urban environment in Kent, by bringing long term empty properties back into use as quality housing accommodation for sale or rent. Interest free loans to refurbish derelict empty properties are now offered across all 12 Kent districts. Finance secured from the Treasury Management Fund was based on the production of a return on investment. As such, the additional £12m is not exclusively for affordable housing projects and a mix of projects will achieve several outcomes.
	Progress		
	<ul style="list-style-type: none"> NUE secured £2.5m from Growing Places Fund (SELEP) for use in 22/23 across Kent to help increase the number of empty homes being brought back into use. (This is a re-payable loan due to be returned March 2026). Since October 2021 NUE now operates in Medway. The Kent team provides back-office support to administer the pilot scheme (Medway have allocated £180k to date for recyclable loans). Finance secured from Treasury Management Fund has increased by a further £8m (due to demand and a continued production of a return of investment), making a total of £20m available. £2m funds re-allocated from Live Margate project to target more empty properties back into use in Margate. NUE has examples whereby districts, such as DDC and FHDC have acquired projects funded via NUE to take back into their housing stock. NUE continues to be an exemplar project and most recently acknowledged by Government of Jersey who have their own issues with empty homes and affordability. NUE have grown the team to cope with demand and have for the last 2 years on average approved one new project each week. Further KCC financing will be considered dependent on returns. As Corporate Landlord, KCC will utilise the No Use Empty Scheme where it has a good estate management reason for doing so such as to mitigate holding costs where it can. 		

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8.	<p>KCC's Cabinet Member for Economic Development should write to the Secretary of State for Housing, Communities and Local Government to make him aware of the following interventions recommended by the Committee for action at the national level:</p> <ul style="list-style-type: none"> • Adopt a definition of affordable housing which links affordability to income rather than to an arbitrary percentage of local market prices (genuinely affordable housing). • Do more to ensure that Local Housing Allowance rates cover the cost of renting and mitigate any unintended consequences from the abolition of Section 21 of the Housing Act 1998. • Enable Homes England to provide more support in facilitating the delivery of affordable and social housing. • Amend elements of the current Right to Buy system to promote the replacement and 	<ul style="list-style-type: none"> • Agreed 	<ul style="list-style-type: none"> • Letter sent and response received.

	<p>provision of genuinely affordable housing.</p> <ul style="list-style-type: none"> • Ensure that Starter Homes are delivered in addition to, and not instead of, other forms of affordable housing. • Remove the 'hope value' clause from the 1961 Land Compensation Act, and reform methods of land value capture so that the community benefits from a higher proportion of land value increases. • Require planning permissions for changes of use from commercial-to-residential. • Review the financial and housing support offenders receive upon release to prevent homelessness. • Actively support an 'infrastructure first' approach to development with Government investment to support ongoing work in Kent to release new homes. 		
	<p>Progress</p>		
	<ul style="list-style-type: none"> • Letter attached. 		