

# Affordable Housing Select Committee Report

## Executive Summary



**July 2020**

# 1. Executive Summary

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## 1.1. Committee Membership

- 1.1.1. The Committee consisted of nine elected Members of Kent County Council (KCC): seven members of the Conservative Party, one member of the Labour Party and one member of the Liberal Democrat Party.

Mrs P. Beresford (Conservative)

Mr D. Brazier (Conservative)

Mr P. Cooper (Conservative)

Mrs T. Dean (Liberal Democrat)

Mr D. Farrell (Labour)

Ms S. Hamilton (Conservative)

Mr T. Bond (Conservative)

Mr D. Murphy (Conservative)

Mr R. Thomas (Chairman - Conservative)

## 1.2. Terms of reference

- 1.2.1. The terms of reference of the review were the following:
- a. To define and put into context affordable housing.
  - b. To explore KCC's 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.

## 1.3. Scene setting

- 1.3.1. This Select Committee began with one simple belief, that everyone should have an opportunity to live in good quality and affordable housing. When this is achieved, there is a broader positive impact on society. Addressing the quality of housing in this country has had one of the greatest impacts on improving public health and there is overwhelming evidence of the improvements to mental health and employment where there is good quality and affordable housing.
- 1.3.2. However, commentators are increasingly making the point that, in addition to a crisis in housing supply, the country is in the grip of a crisis of affordability. As Sir Michael Lyons put it: “we would stress that it is not just the number built but also the balance of tenures and affordability which need to be thought through for an effective housing strategy.”
- 1.3.3. Yet while there is widespread recognition of the importance of the issue, there is disagreement about the most effective way to respond. As explained in Section 2 of this report, there is no single straightforward definition of affordable housing. This is important because the policies adopted flow from the definitions used and determine which groups of people benefit and which are excluded.
- 1.3.4. This challenge is there at the national level. Government defines an affordable rent as one that is at least 20% below local market rent.
- 1.3.5. In Kent, where housing is less affordable than the national average, this definition can easily mislead and mask the problem. The Government discount is effectively a discount on market rent and so is an arbitrary baseline – the local market in Thanet is very different from that in Tunbridge Wells. The Committee found that modelling policies on this definition does not do enough to help identify affected groups and protect people from a broken housing market.
- 1.3.6. In turn this has the practical impact of putting additional demands on housing benefit costs and impacts the ability of the social housing sector to provide affordable social housing. There is more broadly a negative impact on the health of individuals and families and a knock-on impact to employment.
- 1.3.7. The fundamental problem with the Government definition is that it does not take into account the ability of those on low incomes to pay and is therefore not fit for purpose.

- 1.3.8. Having considered the evidence, the Committee believes that the Government should adopt a definition of genuinely affordable housing which links affordability to income rather than to an arbitrary percentage of market prices. This would enable councils to adopt policies that better reflect local need and ultimately deliver, through the planning system, homes that are most appropriate locally.
- 1.3.9. This forms part of our recommendations and, if adopted, would begin to work through the housing system and unblock many of the barriers to delivering genuinely affordable housing.
- 1.3.10. While the shortage of genuinely affordable housing is a national issue, it is particularly acute in Kent and the South East. Household income has not kept pace with the increase in house prices, and this affects both choice and affordability for those who are in housing need.
- 1.3.11. Kent County Council (KCC) is not a planning authority for housing, with the Borough/District Councils having the key role here. However, KCC has a wide range of responsibilities and works closely with other authorities. Taking this into account, the aim of this Committee is to determine whether KCC can play a greater role in maximising the development of affordable housing in Kent. Most of the recommendations of this Select Committee are for KCC and adopting them would go some way to delivering genuinely affordable housing for the people of Kent and can be done ahead of, or alongside of, the change to the Government definition being sought.

## **1.4. Key Messages**

- 1.4.1. In addition to a crisis in housing supply, England is in the grip of a crisis of affordability. Although the shortage of genuinely affordable housing is a national issue, it is particularly acute in Kent and the South East.
- 1.4.2. The consequences of unaffordable housing are considerable. It affects the educational outcomes of children, limits employment and social opportunities, and has a detrimental impact on the health and wellbeing of people who are unable to settle in a home that they can afford.
- 1.4.3. Some of the issues identified by the Committee are best addressed through Government intervention. The adoption of a definition of affordable housing which links affordability to income, rather than to an arbitrary percentage of market prices, would enable councils to adopt policies that reflect local need more accurately, and ultimately deliver, through the planning system, homes that are most appropriate locally.

- 1.4.4. Local Housing Allowance rates should be set so that they reflect the cost of renting more accurately. Enabling Homes England to provide more support in facilitating the delivery of affordable and social housing, and reforming methods of land value capture to claim a greater proportion of land value increases for the public, are also necessary interventions.
- 1.4.5. In order to deliver new homes and communities for people to live in, infrastructure such as public and private transport, healthcare, schools and utilities must be in place. Also, stronger communication and more formal planning arrangements between KCC and local planning authorities could help streamline the planning process and promote the provision of genuinely affordable homes.
- 1.4.6. Access to land is a key factor for new housing supply. As a landowner, KCC can play a major supporting role, for example by exploring ways to release more of its land for genuinely affordable housebuilding.
- 1.4.7. KCC is not a local planning authority but it could play a supporting and enabling role to promote and maximise the delivery of housing in the county by considering the establishment of a dedicated housing unit. Following the good practice example of Essex County Council, responsibilities of the unit could include supporting the housebuilding industry, promoting collaboration, bidding for funds, carrying out research, and supporting Kent's local planning authorities by offering advice and guidance.
- 1.4.8. The recent emergence of successful housing joint ventures involving local authorities, and of diverse and creative ways of funding the delivery of housing and affordable housing schemes, are also avenues whose feasibility is worth exploring.

## **1.5. Recommendations**

### **Recommendations to KCC, and to promote joint working with its partner organisations**

#### **Recommendation 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.**

#### **Recommendation 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.**

#### **Recommendation 3**

**KCC should explore ways of releasing more of its land for building genuinely affordable housing.**

#### **Recommendation 4**

**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:**

- **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 best meeting the housing needs of Kent's communities.**
- **Researching and spreading best practice from around the country.**

### **Recommendation 5**

**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.**

### **Recommendation 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.**

### **Recommendation 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.**

## **Recommendations to Central Government**

### **Recommendation 8**

**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:**

- 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 provision of genuinely affordable housing.**
- **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.**