

Increasing the Supply of Affordable Housing Task and Finish Group



Title of Report	Task and Finish Group Final Report
Presented by	Councillor Keith Merrie - Task and Finish Group Chair.
Purpose of Report	To provide a summary of the work undertaken by the Task and Finish Group and to make recommendation to the Community Scrutiny Committee for them to consider approving for referral to Cabinet on as part of the process of developing a new Housing Strategy.
Recommendation	<p>That the Community Scrutiny Committee consider the recommendations of the Task and Finish Group and determine the recommendation they wish to make to Cabinet on the matter.</p> <p>Recommendation from the Task and Finish Group -</p> <ol style="list-style-type: none"> 1. <i>That Community Scrutiny recommends to Cabinet that the Council writes to Government encouraging a reform of the Land Compensation Act. Exact wording to be drafted by officers and included in the final report for agreement.</i> 2. <i>That a target level of 199 new affordable homes (rented and low-cost home ownership) be proposed for inclusion in the new housing strategy for new affordable housing development in the district subject to:</i> <ol style="list-style-type: none"> a. <i>An enhanced joint working partnership with other housing providers, including increasing the frequency of meetings with registered providers active in the District.</i> b. <i>Officers looking into waiting times targets for the various housing need bands on the housing waiting list.</i>

1. BACKGROUND

1.1 The Task and Finish Group was established at the meeting of Communities Scrutiny Committee on 10 February 2021. The scope of the group was laid out in the report covering the role and purpose of the group.

1.2 The group membership was subsequently agreed as:

- Cllr E Allman
- Cllr T Eynon
- Cllr K Merrie
- Cllr S Sheahan
- Cllr N Smith
- Cllr M Wyatt

Cllr K Merrie was appointed Chairman of the Group.

1.3 The Group held 4 meetings over the period from 14 April 2021 to 18 August 2021 with agendas for the meetings attached as Appendix 1 to illustrate the subjects covered. Copies of any documents are available on request from the Head of Housing.

2. THE WORK OF THE TASK AND FINISH GROUP

2.1 The Task and Finish Group considered a range of reports and presentations as part of their work to review the targets for affordable housing provision in the District.

2.2 As part of this process the group considered national reports pertinent to the subject (Shelter Report – “A vision for Social Housing”) information on historic supply levels of affordable housing, and data from our housing waiting list. The role of the Housing and Economic Needs Assessment study (HEDNA) which is a supporting document to our approved local plan was explained and data on Council house rent levels shared. The Group also considered a report on the operation of the Right To Buy (RTB) scheme to consider any options that might be available to reduce the rate at which homes were being sold.

2.3 The concluding report to the Task and Finish Group is attached as Appendix 2 and was used at the Group’s final meeting on 18 August 2021 to inform the debate which resulted in the Group’s final recommendations being agreed.

3. OUTCOME OF REVIEW

3.1 Having debated the final report, the Task and Finish Group concluded that the recommendation to be carried forward is that the target level of new affordable housing should be determined by the HEDNA study outcome, being 199 new homes per annum (split into 20% low-cost home ownership and 80% rented). It was noted that the HEDNA is currently being updated as part of the Local Plan refresh process.

3.2 The Group also recommended that the Council should lobby government to make reforms to the Compulsory Purchase legislation as referred to in the Shelter Report “A vision for Social Housing”.

3.2 A copy of the notes of the final meeting of the Task and Finish Group are attached as Appendix 3 to this report.

4. RECOMMENDATION

4.1 That the Communities Scrutiny Committee consider the recommendations of the Task and Finish Group and determine the recommendation they wish to make to Cabinet on the matter.

Recommendation from the Task and Finish Group 18 August 2021

The Group noted the report before them and unanimously agreed the following recommendations be included in the report to be considered by the Community Scrutiny Committee:

- 1. That Community Scrutiny recommends to Cabinet that the Council writes to Government encouraging a reform of the Land Compensation Act. Exact wording to be drafted by officers and included in the final report for agreement.*

- 2. That a target level of 199 new affordable homes (rented and low-cost home ownership) be proposed for inclusion in the new housing strategy for new affordable housing development in the district subject to:-*
 - a. An enhanced joint working partnership with other housing providers, including increasing the frequency of meetings with registered providers active in the District.*
 - b. Officers looking into waiting times targets for the various housing need bands on the housing waiting list.*

Agendas for Task and Finish Groups.**Community Scrutiny Committee****Increasing the Supply of Affordable Housing Task and Finish Group**

Wednesday 14th April 2021 at 5.30pm
Virtual Teams Meeting
AGENDA

Item No.	Item	Lead(s)	Page
1	Welcome and Apologies	Chris Lambert	
2	Introductions and Appointment of Chair		
3	Terms of Reference To receive and agree the terms of reference of the group.	Chair	
4	Supply of Affordable Housing – Current Position - PRESENTATION	David Scruton/Ian Nelson	
5	Task & Finish Group Outcomes	Chris Lambert	
6	Future Work Programme		
7	Any Other Business		
8	To agree the date and time of the next meetings – proposed 12 May, 23 June, and 28 July at 5.30pm		

Invitees

Councillors	Officers
Terri Eynon	Chris Lambert
Bertie Harrison-Rushton	David Scruton
Keith Merrie	Ian Nelson
Sean Sheahan	Rachel Wallace
Nigel Smith	Others invited:
Michael Wyatt	Councillor Roger Bayliss (Portfolio Holder)



Increasing the Supply of Affordable Housing Task and Finish Group

Wednesday 14 July 2021 at 6.30pm
Virtual Teams Meeting
AGENDA

Item No.	Item	Lead(s)	Page
1	Welcome and Apologies	Chair	
2	Notes of last meeting – 12 May 2021	Chair	1
3	Further Detail from Shelter Report <i>Report</i>	David Scruton	2
4	Right To Buy <i>Report</i>	Chris Lambert	2
5	Targets for the Delivery of Affordable Housing <i>Presentation</i>	Chris Lambert/David Scruton	-
6	Future Work Programme	Chris Lambert	4
7	Any Other Business		-
8	Date and time of the next meeting – 18 August at 6.30pm		-

Invitees

Councillors	Officers
Elliott Allman	Chris Lambert
Terri Eynon	David Scruton
Keith Merrie (Chairman)	Ian Nelson
Sean Sheahan	Rachel Wallace
Nigel Smith	Others invited:
Michael Wyatt	Councillor Roger Bayliss (Portfolio Holder)

Report to the Task and Finish Group - 18 August 2021**Increasing the Supply of Affordable Housing Task and Finish Group****Wednesday, 18 August 2021**

Title of Report	Establishing a Target for the Supply of Affordable Housing
Presented by	Chris Lambert and Ian Nelson
Purpose of Report	To provide the group with further information in relation to establishing a new target for the provision of affordable housing within the District and further details of aspects of the Shelter Report "A vision for social housing" as requested at the last meeting.
Recommendations	<p>That the Group -</p> <ol style="list-style-type: none"> 1. Note the position regarding the Land Compensation Act 1961. 2. Agree a proposed target level for new affordable housing development in the District, to be incorporated into a final report to be presented to Community Scrutiny Committee on 29 September 2021 3. Agree to consider and approve the Task and Finish Group Final Report virtually prior to its submission to Community Scrutiny Committee.

2. BACKGROUND

- 1.1 At the meeting of 14th July members of the group requested further information in relation to 2 of the recommendations from the Shelter Report "A vision for social housing," as well as further information in relation to the level of affordable housing need and historic supply.
- 1.2 They wished to gain a greater understanding of the Land Compensation Act 1961 as identified in the report of in need of reform and the net position in relation to Social

Homes in the District in relation to Shelter's aspiration to replace and Social Housing Sold in the Future. Furthermore the group wished to consider alternative approaches to identifying need.

1.3 These three issues are considered in turn below

3. LAND COMPENSATION ACT 1961

2.1 The Land Compensation Act (1961) stipulates that in the event of compulsory purchase, Landowners are to be reimbursed not only for the value of their land as it stood but for its potential value if it were used for something else in the future. This is often referred to as 'hope value'.

2.1 The Housing, Communities and Local Government Committee addressed this issue as part of a report on 13 September 2018 entitled Land Value Capture. A copy of the report can be viewed from the link below.

[Land Value Capture \(parliament.uk\)](#)

2.3 Amongst other conclusions the Committee stated that:

- There is scope for central and local government to claim a greater proportion of land value increases through reforms to existing taxes and charges, improvements to compulsory purchase powers, or through new mechanisms of land value capture.
- The Land Compensation Act 1961 requires reform so that local authorities have the power to compulsorily purchase land at a fairer price.

2.4 The Government published its response to the report in November 2018. On the issue of reform of the Land Compensation Act 1961 the Government stated that:

"We share the Committee's view that compulsory purchase compensation should be fair, reflecting the requirements of planning policy. This is what the current legal framework seeks to provide for."

"We are keen to let [these] recent reforms bed in but will continue to monitor their practical application and remain open to considering practical improvements to the framework."

On the issue of 'hope value' the Government note that any compensation is what the land or property would be worth on the open market if the scheme to which the Compulsory Purchase Order relates did not exist (i.e. in the 'no-scheme world') and that any 'hope value' would only be that that insofar as it can be demonstrated to exist in the no-scheme world.

The government's response can be viewed from the link below.

[Cm9734 land_value.pdf \(publishing.service.gov.uk\)](#)

4. NET POSITION OF AFFORDABLE HOMES IN THE DISTRICT

- 4.1 In any year there are a number of factors that impact on the overall level of affordable housing available within the district. These can be considered under three broad headings, new supply, tenure change and demolition, with each of these capable of being further broken down into sub-categories.
- 4.2 It is worth noting that tenure change is not always a move from the affordable sector to market. Whilst many properties will transfer in this direction through initiatives such as the right to buy and shared owners staircasing out as well as through strategic disposals by landlords under an active asset management approach, there will also be purchases of Market stock for future use as affordable housing.
- 4.3 Furthermore it is worth noting that demolition will often take place to facilitate new developments when replacing social stock no longer fit for purpose with some newbuild would not be possible without demolition first taking place.
- 4.4 The table below shows the stock position of the Council as a landlord over the last 10 years

Year	Stock @ 01/04	RTB sales	Other sales	Demolitions	New Build	Gifted Units	Other Acquisitions	Stock @ 31/03
2011/2012	4,481	(2)	0	0	0	0	0	4,479
2012/2013	4,479	(15)	0	0	0	0	0	4,464
2013/2014	4,464	(36)	(14)	0	0	0	0	4,414
2014/2015	4,414	(23)	0	0	0	0	0	4,391
2015/2016	4,391	(33)	0	0	0	0	0	4,358
2016/2017	4,358	(45)	(2)	0	0	0	1	4,312
2017/2018	4,312	(39)	(11)	(22)	2	26	0	4,268
2018/2019	4,268	(46)	(1)	0	22	19	0	4,262
2019/2020	4,262	(54)	(1)	(32)	24	0	2	4,201
2020/2021	4,201	(33)	(1)	0	8	0	16	4,191
Total 2011/12 to 2020/21	4,481	(326)	(30)	(54)	56	45	19	4,191

- 4.5 The tables below shows total new affordable housing delivery across all partners over the same period and should be noted that the Council supply figures in the table above will also be included in the rented figures below

Year	Rented	Affordable Home Ownership	total
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2011-12	44	16	60
2012-13	60	31	91
2013-14	125	32	157
2014-15	77	40	117
2015-16	87	39	126
2016-17	96	44	140
2017-18	92	52	144
2018-19	104	13	117
2019-20	109	20	129
2020-21	100	48	148

4.6 The same units this time split between section 106 and direct delivery is provided below

Year	s106	Direct RP delivery	Total
2011-12	6	54	60
2012-13	86	5	91
2013-14	87	70	157
2014-15	80	37	117
2015-16	89	37	126
2016-17	63	77	140
2017-18	112	32	144
2018-19	65	52	117
2019-20	62	67	129
2020-21	105	43	148

3.7 In summary therefore, over the 10-year period from 2011/12 to 2020/21 there was a net reduction of 288 Council rented homes available. Over the same period there were an additional 1,229 affordable homes built or acquired by RP partners. The difference in the reduction in Council rented homes and new RP provision is an additional 941 affordable homes.

5. ASSESSMENT OF NEED

5.1 Currently the evidence base used to identify long term housing need for the purposes of the Local Plan is the Housing and Economic Development Needs Assessment (HEDNA). The current HEDNA identified an affordable housing need of 199 additional units per annum for North West Leicestershire, split 80/20 between rents and low cost home ownership.

5.2 The new HEDNA is currently being considered for approval and an updated document with a revised need figure is due later this year.

5.3 An alternative approach to identifying housing need is to consider the Council's Housing Register. The current breakdown of those on the register is shown below split by housing need banding.

	waiting list	transfer	total

priority	22	11	33
high	95	95	190
medium	367	186	553
low	181	6	187
Potential	23	115	138
total	688	413	1101

5.4 There are however a number of limitations to using housing register information -

- The Housing Register has eligibility and qualification criteria which means not everyone in need is necessarily represented
- Conversely the Council maintains a relatively open register in terms of need as reflected in the fact that 30% of applicants are in low or potential band indicating little housing need in their circumstances
- The overall numbers do not account for the proportion of applicants each year that are rehoused into the existing stock
- Any transfer applicant being rehoused will generate a vacancy to potentially to rehouse another applicant on the register into their vacated property

4.6 It is to try and reflect these factors as well as capture longer term demographic changes that the models used in studies like the HEDNA use a much broader range of data to identify unmet need in a more systematic way.

6. CONCLUSIONS

6.1 The compulsory purchase of land is very much a matter of last resort if a negotiated purchase cannot be achieved. To date this Council has not had to compulsorily purchase land for housing development, whether such development is private or public sector lead.

6.2 Whilst the Council has compulsory purchase powers available to it, their use, for example to help achieve housing development, would be governed by any legislation or regulations laid down by Parliament.

6.3 Therefore, the Council's ability to seek to ensure that any land acquired compulsorily is at a 'fairer price' is limited to seeking to influence Government.

6.4 Whilst over the last ten years the Council has seen a decline in stock numbers every year this has been counterbalanced by a successful and consistent RP development programme, supported by the ongoing provision of new Section 106 Planning gain properties.

6.5 Furthermore whilst we do not have a full picture of stock movements across the affordable sector and there are moves to increase opportunities for tenants renting from Registered Providers to buy their homes it is likely that RPs currently are increasing their stock overall in the district leading to a net increase in homes.

6.6 The position regarding housing need is fluid and affected by many factors in terms of both the housing market, peoples individual circumstances and aspirations and the macro

economic climate. To smooth these factors the widely accepted approach is the use of studies such as the HEDNA, to inform both Planning and Housing roles within the Council.

- 6.7 The current HEDNA suggests a rented affordable housing need level of 160 units per annum (80% of 199 units) and the new HEDNA is expected to be available later this year.
- 6.8 The Task and Finish Group are invited to consider the information presented and determine what level of target for future provision of affordable rented housing they wish to purpose be included in the new Housing Strategy 2021, currently being drafted.

Minutes of the Task and Finish Group 18 August 2021.



Increasing the Supply of Affordable Housing Task and Finish Group

**Wednesday 18 August at 6.30pm
Virtual Teams Meeting
Minutes
Meeting closed at 7.45pm**

Item No.	Item
1	Welcome and Apologies
	There were no apologies. Councillor Wyatt was not in attendance.
2	Notes of last meeting – 14 July 2021
	Councillor Eynon felt that the context of the wording at item 5 needed to be a little clearer in relation to the figures that the Council had been achieving as it related to the affordable housing across the whole, not just Council houses. Chris Lambert advised that he had looked into whether any assistance could be given with legal fees, in relation to Right to Buys, as asked by Councillor Allman at the last meeting, and the answer was that no assistance could be given. AGREED:- The notes of the last meeting be approved, subject to the amended wording at item 5.
3	Establishing a Target for the Supply of Affordable Housing
	Chris Lambert and Ian Nelson spoke to the report. Chris Lambert advised the group that there was an error in paragraph 3.7 of the report and that it should have read:- In summary therefore, over the 10-year period from 2011/12 to 2020/21 there was a net reduction of 288 Council rented homes available. Over the same period there

were an additional 1,109 affordable homes built or acquired by RP partners. The difference in the reduction in Council rented homes and new RP provision is an additional 821 affordable homes.

In response to a question from Councillor Sheahan, Ian Nelson advised that he would need to look into what the reforms referred to in the report in relation to the Land Compensation Act were and if they tied in with the Shelter report.

In response to a questions from Councillor Sheahan, Chris Lambert advised that, in relation to meeting targets when also being reliant on private sector to deliver properties, as it was difficult to predict when homes provided under Section 106 agreements by developers would be built, the Council currently had a 3 year rolling target of 300 properties rather than an annual one, to allow for fluctuations in the private sector delivery of new schemes. In relation to working in partnership with registered providers (RP), it had been common historically, but was less so now due to the competitive relationship between each partner as they agreed their development with Homes England. However the Council held annual meetings with the registered providers which form part of the housing strategy process. Chris advised that he would take the suggestion back to team members to look at possibly increasing the frequency of meetings with the registered providers. In relation to setting a target for waiting list times in each priority need banding, Chris Lambert advised that it was an interesting concept that would take some thinking through and advised that he would take the idea away to discuss with team members to see if was feasible to do.

In response to a question from Councillor Eynon, Chris Lambert advised that, in terms of managing the Housing Benefit bill, there were significant sums of money available to support the provision of new affordable housing, the majority of which went to the RP partners, although the Council could bid for support if there were suitable schemes coming forward. He also noted that, following changes in 2011/12 to the Housing Revenue Account subsidy scheme, with the introduction of the self-financing scheme, this had prevented millions of pounds of tenant's money going into the national pot through the "negative subsidy" payments we used to make.

In response to a question form Councillor Eynon, Ian Nelson advised that there was previously an official document on the assessment of affordable housing need and this advised that it was not unreasonable that an authority would not meet all the need. Chris Lambert advised that there were approximately 900 properties that were in the pipeline through approved S106 agreements from granted planning permissions but where still to be built.

In response to a question from Councillor Allman, in relation to residents wanting to move following COVID and what the Council was doing to encourage movement, Chris Lambert advised that in Q1 last year (2019/20) 60 homes became vacant during the COVID period, which was normally between 75-80, in Q1 of the current year 72 had become vacant so numbers were moving back up.

The members of the group then discussed the recommendations in the report and what target figure they wished to propose for the strategy.

The Group noted the report before them and unanimously agreed the following recommendations be included in the report to be considered by the Community Scrutiny Committee:-

3. That Community Scrutiny recommends to Cabinet that the Council writes to

	<p>Government encouraging a reform of the Land Compensation Act. Exact wording to be drafted by officers and included in the final report for agreement.</p> <p>4. That a target level of 199 new affordable homes (rented and low cost home ownership) be proposed for inclusion in the new housing strategy for new affordable housing development in the district subject to:-</p> <p>c. An enhanced joint working partnership with other housing providers, including increasing the frequency of meetings with registered providers active in the District.</p> <p>d. Officers looking into waiting times targets for the various housing need bands on the housing waiting list.</p>
4	Next steps
	Chris Lambert set out the timeline for the completion of the work and advised that draft report to be considered by the Community Scrutiny Committee would be circulated to members for comment the following week.
5	Any Other Business
	There was no other business.
6	Next meeting
	It was noted that this was the final meeting of the group. Councillor Merrie thanked the members of the group for their valued input and officers for all their hard work.

Attendees

Councillors	Officers
Elliott Allman	Chris Lambert
Terri Eynon	Ian Nelson
Keith Merrie (Chairman)	Clare Hammond
Sean Sheahan	
Nigel Smith	Others invited:
Michael Wyatt – Not in attendance	Councillor Roger Bayliss (Portfolio Holder)