

**Chichester District Council**  
**OVERVIEW AND SCRUTINY COMMITTEE**

**20 September 2022**

**Report from the Affordable Housing Task and Finish Group**

**1. Contacts**

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**2. Recommendation**

**The Overview and Scrutiny Committee is requested to:**

- i) note the findings of the Task and Finish Group as set out in para 4.11 below.**
- ii) note the further work to be undertaken by the Housing and Communities Panel regarding the Housing Register, the banding arrangements and the Allocations Scheme**
- iii) note the ongoing work with Planning Policy to review the Council's Affordable Housing Policy as part of the Local Plan Review.**

**3. Background**

3.1 The Council established a Housing Task and Finish Group in 2020 with the remit of: *"To examine the medium and long-time viability of setting up a local housing company as an independent arm's length organisation wholly owned by the council and operated on a not-for-profit basis"*.

The terms of reference of the group are at Appendix 1.

3.2 The four main objectives of the group were to:

- *"Consider the risks to capital invested in the council housing presented by the current right to buy referencing how other councils manage this risk"*
- *Review the land under Council control with capacity to build up to 199 council houses*
- *Consider the likely set up costs and resources/skills/expertise required to set up a local housing company, referencing other Council's models*
- *Consider how the council can best deliver affordable housing including assessing the effectiveness of existing delivery mechanisms and alternative options to increasing affordable housing delivery in the district"*

3.3 The timeframe originally set for the Task and Finish Group was not deliverable due to the impact of Covid and other pressures. The matter was revisited in early 2022

and a new timeframe established to complete the work with a report back to the Overview and Scrutiny Committee by November 2022.

3.4 Meetings of the Task and Finish Group were held on 11 April, 16 June, and 27 July 2022.

3.5 The Housing Task and Finish Group was chaired by Councillor Bangert and supported by an officer team of Cally Antill lead officer, Kerry Standing Divisional Manager Revenues, Benefits and Housing, Nick Bennett, Divisional Manager Legal and Democratic Services and Helen Belenger Divisional Manager Financial Services. Councillor Moss attended meetings two and three as an observer.

#### **4 Meetings and evidence considered**

4.1 The first meeting of the group looked at the scope of the group and the brief it had been given, agreed what it would be looking at and what it wouldn't. Members tasked officers with research on the subject area which included looking at other councils' experiences, the legal and financial issues regarding housing companies, other routes to enable affordable housing and the priority needs the council should most focus on helping. Members gave a broad steer on what they felt they needed to have knowledge of and to discuss in order to come to a decision and formulate a set of recommendations. It was noted that an understanding of the risks, benefits and harms was vital.

4.2 In the meeting members received a presentation on what affordable housing is, all the aspects of the delivery of affordable housing and how we measure demand for it. Delivery data from the last 5 years was considered alongside data from other authorities in West Sussex. The data showed that 761 affordable homes had been delivered in the district over the years 2016/17 to 2020/21 and that the Council was on target to meet its target of 1,000 affordable homes within the life of the current Housing Strategy. It was clear that it is not possible for any provider to deliver all the affordable homes for everyone who wants or needs to live in one as overall delivery of all types of affordable housing is limited by available land and finance in the district. It was also noted that most affordable housing is delivered by Registered Providers through s106 requirements, along with alms-houses & charities, and Community Land Trusts Homes England grants, CDC grants and other loans and borrowing. It was noted that all affordable housing needs some kind of subsidy to reduce the cost to enable lower rents to be charged or for low-cost home ownership. Community Land Trusts were noted to be a positive local means of delivering affordable housing and one that the group wanted to continue to support, along with working closely with our Registered Providers.

4.3 During the discussion at this initial meeting members of the Task and Finish Group indicated that they felt all members would benefit from a similar discussion and so an all-members awareness webinar on affordable housing was held on 28 April 2022. This was well attended with 27 members and senior staff taking part. The presentation slides from the awareness session were shared with all members. The member session and member interest in the subject beforehand generated more than 30 questions on affordable housing. These were formatted into a question-and-answer document which was circulated at the end of July to all members.

- 4.4 The presentation to the task and finish group at the first meeting is attached at appendix 2.
- 4.5 The second meeting of the task & finish group reviewed the learning from meeting one and then considered housing companies in depth using the latest CIPFA guidance on risks and benefits assessment (appendices 6 & 7) as well as the experiences of others.

The CIPFA guidance helped the group to focus on 5 key questions:

- i) The purpose and reasons for the need for this type of delivery vehicle
- ii) Land available in council ownership
- iii) Funds available to the council
- iv) Viability and business modelling
- v) Skills, knowledge and capacity

This was followed by consideration of the 7 key CIPFA tests:

- i) Legal powers
- ii) Governance and directors
- iii) Subsidy control (previously known as state aid)
- iv) Taxation
- v) Accounting
- vi) Land and land acquisition
- vii) Right to Buy

- 4.6 Officers had researched other councils' experiences some of which had failed in significant and costly ways. Many had developed none or less than ten properties.

The two key factors for those housing companies which looked to have been succeeding was that they were in areas of growth and/or had access to large amounts of land and capital funding particularly where there was access to strategic growth funding from Homes England. It was noted that the Council does not retain any land of any significant size and would have to compete on the open market against other developers to acquire it.

- 4.7 The group concluded that the Council did not have the land and finance available to support a housing company and that the risks particularly on the taxation, subsidy control and accounting issues significantly outweighed the benefits of a company. The impact of future changes to the Right to Buy would have a major impact on any housing company and presented a significant risk. The group also agreed that the Council did not have the skills, knowledge or capacity to set up and run a company and that the existing mechanisms provided a much more effective and efficient method to deliver new homes so that a company vehicle would not be appropriate.
- 4.8 The presentation to the task and finish group at the second meeting is attached at appendix 3.
- 4.9 The third and final meeting of the task & finish group drew together the contents of all previous meetings and the all-member awareness webinar. The group revisited the key aspects from the preceding presentations and research and reflected on all

the learning gained to date. The group noted that the evidence showed the Council were enabling a high number of affordable homes in an efficient and effective way. The presentation to the task and finish group at the third meeting is attached at appendix 4.

- 4.10 The group also received a presentation on the history around the Council's large scale voluntary transfer (LSVT) of the council owned housing stock in 2001 which had been raised by a member for the group to specifically consider. The group considered the drivers for the LSVT around the condition of the stock and the need for considerable investment, and the process including the consultation and ballot of tenants. The Council set up the housing company called Chichester District Community Housing Ltd and transferred 5,321 houses. This enabled the Council to pay off its debts, cover the costs of the set-up, pay the LSVT levy and retain a capital receipt of £22.1m.

The presentation to the task and finish group regarding LSVT is attached at appendix 5.

## **Conclusions**

4.11 The Task and Finish Group concluded that:

- i) It had considered the risks, the capital and land available and concluded that there is not a business case to support the need for the Council to set up a housing company.
- ii) The Council does not have the resources, skills, expertise, experience, or capacity to set up and run a housing company.
- iii) The current delivery mechanisms effectively and efficiently utilise strategic partners expertise and access to land and funding (both government grants and loan finance) to create a good flow of affordable homes.
- iv) CLTs provide a good local mechanism for smaller and rural housing delivery and the Council should continue to support them.
- v) The supply of new build properties and the turnover of the existing stock; (which provides more homes than new build can) meets as many of the band A to C expressed needs as was feasible (appendix 1).
- vi) A recommendation would be made to the new Housing and Communities Panel to consider a review of the Housing Register, the banding arrangements, and the Allocations Scheme.
- vii) Further work would be undertaken with Planning Policy to review the Council's Affordable Housing Policy in respect of matters such as sizes, types, tenures location and viability relative to overall development as part of the Local Plan review and to consider how better to support and deliver self-build options.

## 5. Outcomes to be Achieved

- 5.1 The original scope of the Task and Finish Group including a paragraph on outcomes as follows *'The findings and recommendations of the Study will be reported back to Overview and Scrutiny/Cabinet and will feed into future housing policy and funding requirements.'*
- 5.2 This report and the work of the of the Task and Finish Group have been produced in accordance with this outcome requirement. This will be supplemented by the further work of the Housing and Communities panel and with Planning Policy as outlined in recommendations 2 iii above.

## 6. Community impact and corporate risks

- 6.1 Housing has a huge impact on our communities and this report seeks to make recommendations to Overview & Scrutiny following the task & finish group meeting that will support delivery of affordable housing moving forward.

## 7. Other Implications

Are there any implications for the following?		
	Yes	No
<b>Crime and Disorder</b>		<b>x</b>
<b>Climate Change and Biodiversity</b>		<b>x</b>
<b>Human Rights and Equality Impact</b>		<b>x</b>
<b>Safeguarding and Early Help</b>		<b>x</b>
<b>General Data Protection Regulations (GDPR)</b>		<b>x</b>
<b>Health and Wellbeing – housing is a key issue relating to our communities' health &amp; wellbeing.</b>	<b>x</b>	
<b>Other (please specify)</b>		<b>x</b>

## 8. Appendices

1. Terms of reference
2. Meeting 1 slides Affordable Housing TFG
3. Meeting 2 slides Affordable Housing TFG
4. Meeting 3 slides Affordable Housing TFG
5. Meeting 3 LSVT presentation
6. CIPFA Technical Information Service for the Local Housing Companies (Updated 2018)
7. Local Authority owned companies: a good practice guide 2022 edition

## 9. Background documents

Presentation slides from the all-member awareness webinar April 2022 (previously circulated to all members)

Affordable Housing Question and Answer document July 2022 (previously circulated to all members)