

Affordable Housing Delivery Task and Finish Group

Meeting three – reflection and recommendations July 2022

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Plan for the meeting

Review the learning and information from meetings one, two and the members awareness session on housing delivery

Consider the purpose of the T and F Group and the four main tasks

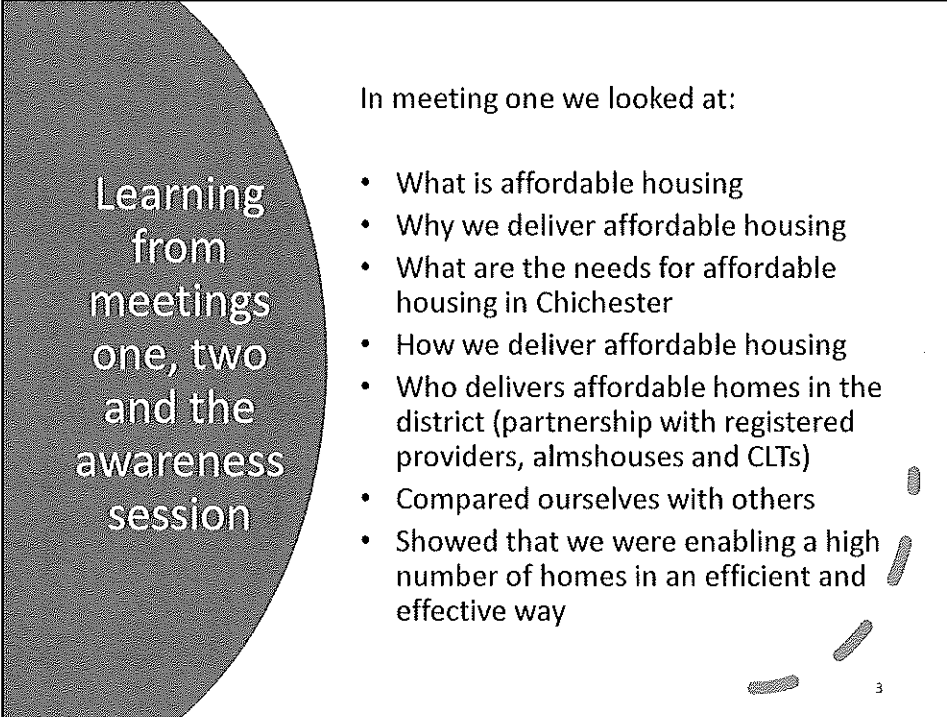
Have these been met?

Any other considerations

Produce summary findings and recommendations to Overview and Scrutiny Committee

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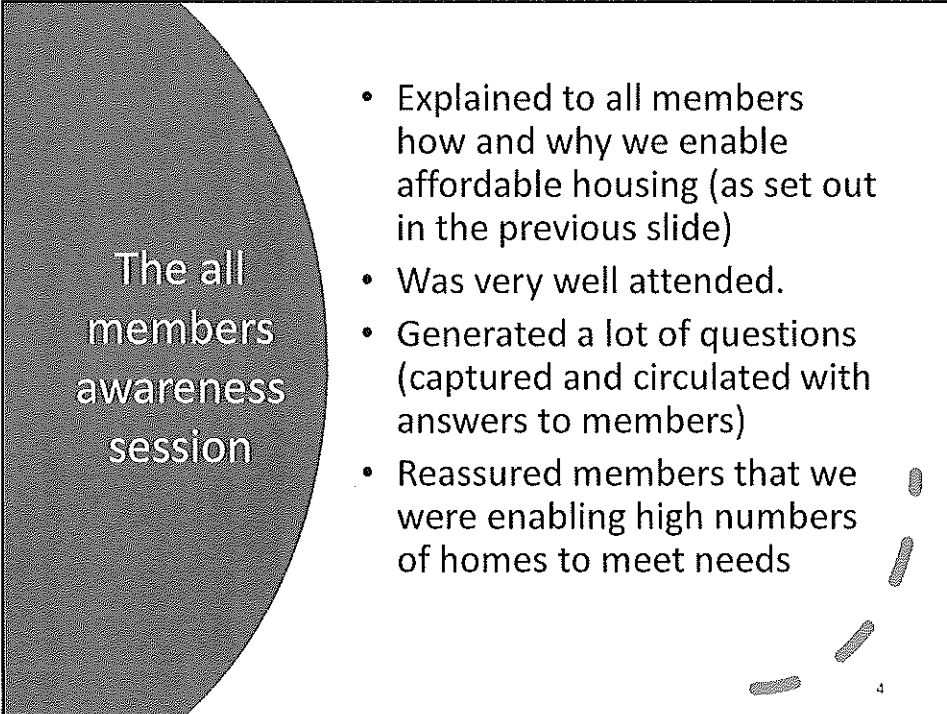
Learning from meetings one, two and the awareness session

In meeting one we looked at:

- What is affordable housing
- Why we deliver affordable housing
- What are the needs for affordable housing in Chichester
- How we deliver affordable housing
- Who delivers affordable homes in the district (partnership with registered providers, almshouses and CLTs)
- Compared ourselves with others
- Showed that we were enabling a high number of homes in an efficient and effective way

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The all members awareness session

- Explained to all members how and why we enable affordable housing (as set out in the previous slide)
- Was very well attended.
- Generated a lot of questions (captured and circulated with answers to members)
- Reassured members that we were enabling high numbers of homes to meet needs

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Affordable housing in Chichester district – the numbers

Financial Year	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 (est)	Total
Number of affordable homes	135	154	137	179	156	202	257 (est)	1,220

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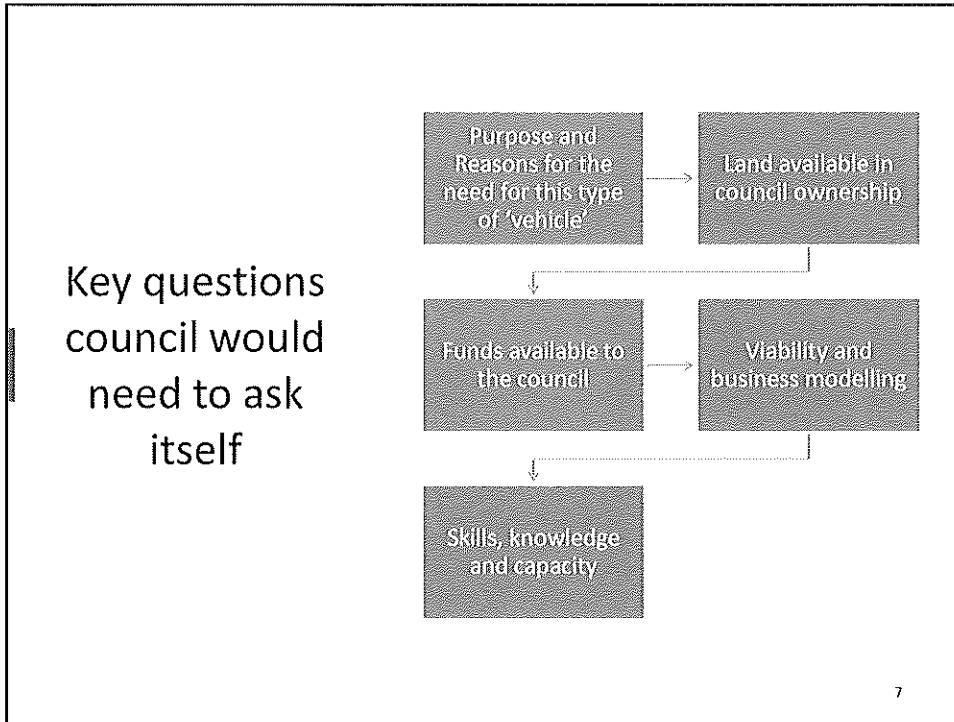
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Meeting two

- Considered in detail local authority housing companies
- Looked at the legal powers to deliver homes this way
- What was needed ie land and money and whether we had either or both
- Looked at risks and rewards – mostly the risks outweighed the rewards
- Considered the 5 questions..

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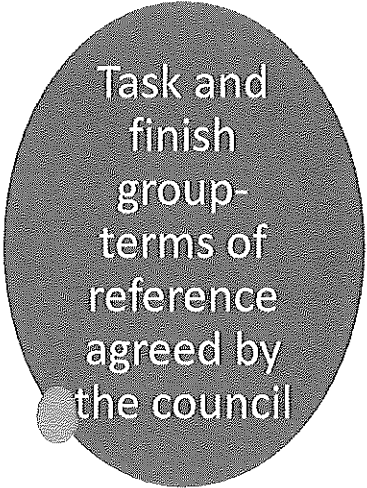
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We looked at the tests in the CIPFA Local Housing Companies document

Document sets out key issues to consider	Legal powers
	Governance and directors
	Financing
	Subsidy Control (was known as state aid)
	Taxation
	Accounting
	Land and land acquisition
	Right to Buy

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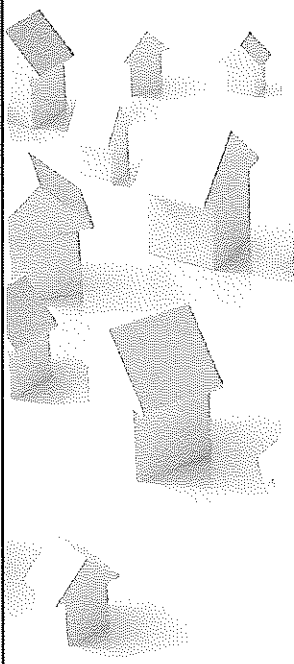
Task and finish group-terms of reference agreed by the council

Purpose of the group

- *“To examine the medium and long time viability of setting up a local housing company as an independent arms length organisation wholly owned by the council and operated on a not for profit basis”*

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In doing so the group will:

- *“Consider the risks to capital invested in the council housing presented by the current right to buy referencing how other council’s 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 mechanism’s and alternative options to increasing affordable housing delivery in the district”*

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Key benefits

- Housing company may provide an income to the council (depends on terms)
- Housing company in control of development (where, what, how quickly)
BUT
 - subject to planning, having land and funding
 - if not set up as a 'registered provider' not eligible for any capital funding from Homes England
- In the long term company may provide a property asset for the council (depends on terms)
- Perception of control by the council (but in reality company is a separate entity largely outside CDC control)

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Key risks and issues (1)

- Set up costs can be significant (time and resources diverted from other functions – housing, legal, finance etc)
- Subject to all the business risks operating in this market (rent controls, HB levels, tenancy changes, operation of the courts, costs of repairs & maintenance, staff, development costs etc)
- Taxation – irrecoverable VAT on most expenditure, running costs significantly more expensive
- Other running costs eg audit, insurances, borrowing costs, repairs, management, maintenance etc

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Key risks and issues (2)

- Accountancy complexity and drain on internal resources
- Future changes to RTB? =losing stock/selling at a discount
- Securing land and finance
- Gearing risk – increased risk of financial distress or failure if high proportion of debt to assets/equity
- Liquidity risk – unable to meet payment obligations due to cashflow issues
- All the checks and controls required when using public money
- Government changes in policy (often without notice)

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Conclusion and recommendations (1)

The group has considered the risks, the capital and land available and there is not a business case to support the need for a housing company

The group concluded that the Council does not have the resources/skills/expertise/capacity to set up a housing company

The current delivery mechanisms effectively and efficiently utilise govt funding and strategic partners' expertise, plus land they have access to, to create a steady flow of affordable homes

The supply of new build properties and the turnover of the existing stock (which provides more homes than new build each year) generally meets the housing needs of the district

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Conclusion and recommendations (2)

There is work to be undertaken via the Housing and Communities panel to look at options for possible changes to the Housing Register, the banding arrangements and the Allocations Scheme

There is ongoing work with the planning policy team to look at the Council's Affordable Housing Policy (sizes, types, tenures, location etc)

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Next steps

- The chair of the Task and Finish Group will report the group's work and findings to the Overview and Scrutiny meeting on 20th September 2022

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