

**SOUTH EAST ENGLAND
REGIONAL HOUSING BOARD**

MINUTES OF THE MEETING ON 5 SEPTEMBER 2007

Present:

Board Members

Cllr Elizabeth Cartwright
David Edwards
Howard Ewing
Cllr John Goddard
Nigel-Horton Baker
Cllr Keith House
Cllr Tony Page
Ann Santry
Sheila Drew-Smith

Regional Assembly (Chairman)
English Partnerships
GOSE
Regional Assembly
Regional Assembly
SEEDA
Regional Assembly
Regional Assembly
Housing Corporation

Officers

Martin Tugwell
Cath Stubbings
Louise Wilby
Mark Williams
Alistair Moses
Steve Kethero
Susan Barnes
Graeme Hough
Paul White
Fiona Cruickshank

In attendance

Steven Edwards
Jo Shockley
Robin Henderson

I. Election of Chairman

Cllr Elizabeth Cartwright was unanimously elected as Chairman.

Ia. Chairman's Announcements

- Ia.1 The Chairman advised the Committee of a workshop for the Regional Planning Committee (RPC), Regional Housing Board (RHB) and Regional Transport Board (RTB) on 26 September 2007 at 10.00, at the Institute of Materials, to brief members on the key issues arising from the Examination in Public (EiP) Panel Report and the Housing Green Paper. It was noted that this was not a public meeting.
- Ia.2 The Chairman welcomed David Edwards, Nigel Horton-Baker and Cllr Tony Page to the Board.
- Ia.3 Cllr Elizabeth Cartwright drew members' attention to the Regional Health Summit on 28 September 2007 from 2.00-4.00 at the Institution of Civil Engineers, London and asked for an RHB member to act as her substitute
- Ia.4 It was **AGREED** that the first meeting of 2008 will be held at the Institute of Materials, London on 17 January at 10.30. The final meeting in 2007 will be held at the Mandolay Hotel in Guildford, on 5 December 2007 and will start at 14.00.

- 1a.5 Cllr Elizabeth Cartwright referred members to a letter from Douglas Horner who had stepped down from the Board. The Board recorded its appreciation for his contribution to the work of the RHB.

2. Apologies and Substitutions

- 2.1 Apologies were received from Cllr Gillian Brown.

3. Minutes of the Meeting Held on 20 June 2007

- 3.1 The minutes were **AGREED** as a true record of the meeting.

4. Matters Arising Not Elsewhere on the Agenda

- 4.1 Martin Tugwell reported that the Panel Report on the EiP had been published two weeks ago. He advised that the report's status was advice to Government. It is anticipated that the Secretary of State's response will be published in the form of Proposed Modifications early in 2008.
- 4.2 He advised that the Panel had made specific recommendations on the overall level of housing and had made it clear that they agreed with the Assembly that the region cannot build its way out of affordability housing problems. The Panel advised that there is a need to increase investment in affordable housing to meet the housing needs of the region. He suggested that the Board consider the Panel's recommendations when discussing the key messages for the region under Agenda Item 8.
- 4.3 Cath Stubbings drew attention to the two PPS3 workshops which had taken place in July. The workshops were well attended and had generated considerable interest. She advised that Assembly officers were now working with officers from the Housing Advisory Group to address issues raised by local authorities at the workshops.
- 4.4 Cath Stubbings reported that work to update Strategic Housing Market Assessments will be commissioned by the Assembly in the autumn.
- 4.5 She also reported that recommendations arising out of the research into Housing Size and Type will have been presented to the RPC for consideration on 26 September 2007. The recommendations particularly related to the theme of larger homes for higher densities. The Councillors' Toolkit on Higher Density was being updated to include examples of good practice.

5. Brownfield Land Assembly Company

- 5.1 Martin Tugwell advised that the report provided a proposed course of action which addressed the concerns expressed at the last meeting of the Board

relating to governance, accountability and the question of whether there is an issue of potential double-subsidy.

- 5.2 He drew attention to a suggestion by the Chairman, subsequent to the report, suggesting an annual review of progress which would make the pilot nature of the project more explicit. He endorsed the appropriateness of this in view of the step-change the project would represent to BLAC and the change in funding profile over three years. Paul White (BLAC) supported this approach.
- 5.3 Concern was expressed that the administrative arrangements outlined in para 6.1 were too onerous. Cllr Keith House suggested that a small project committee, similar to one operated by SEEDA, was set up to which BLAC would be accountable for operational detail. The RHB would continue to be responsible for strategic direction.
- 5.4 Sheila Drew Smith raised a number of issues and suggested that there needed to be much more explicit reference to liability and risk transfer for both the RHB and BLAC, given the step change in the level of funding channelled through BLAC. She noted that during this time a change in composition of the Board was likely, and the Housing Corporation (HC) will cease to exist. She suggested that an exit strategy would be prudent. Fuller consideration should be given to claw-back arrangements outlined in para 6.1.
- 5.5 Fiona Cruickshank supported the idea of an operational panel which should include an HC representative given the assumption that the purchase of land would be dependant on a HC grant.
- 5.6 She expressed concern about the very high cost of the example which required a grant of £140,000 per unit compared to an average grant per unit of £55,000. She reiterated earlier concerns about value for money and requested that HC was included in scrutiny arrangements relating to value for money.
- 5.7 She raised the issue of the new proposal that the HC should act as banker and advised that there had been insufficient time to receive advice as to whether HC had the legal power to give funding to BLAC in addition to the existing HC funding for social housing. She advised that following legal clarification agreement would need to be reached on the point at which at which any undrawn BLAC funds can be spent by the Corporation.
- 5.8 Responding to these concerns Paul White explained that BLAC will not seek grants for the construction costs of properties and that separate funding was drawn down on a case-by-case basis with each case being judged on its merits. BLAC's aim was to sell the land to the developer for social housing. He highlighted that the Board would have the capacity to specify minimum standards for design and quality of construction. He emphasised that it was not a condition of sale that the developer should seek funding from the HC but it was free to do so.
- 5.9 Cllr Tony Page supported the broad approach and asked whether there was a possibility of using Compulsory Purchase Orders (CPOs) and whether

there was scope for applying CPOs to larger sites. Paul White advised that BLAC does not hold CPO powers, and although SEEDA does they have never been required. The intention was to overcome the high, preliminary costs associated with remediating small sites.

- 5.10 Ann Santry remained concerned about the amount of public money being spent on BLAC sites and noted that it was unsurprising that high standards could be achieved with high levels of funding. She suggested that the Board should set financial appraisal criteria to ensure good value for money.
- 5.11 Nigel Horton-Baker suggested that all appropriate organisations needed to be included in such an arrangement to ensure a complete view of funding sources.
- 5.12 Sheila Drew-Smith advised that outstanding points requiring clarification were worked out and brought to the next meeting.
- 5.13 David Edwards, whilst supporting the concept, agreed that double-subsidy should not be permitted.
- 5.14 Howard Ewing suggested that further work needed to be done on aspects of governance, in particular the reallocation of funds in the context of the RHB not holding funds.
- 5.15 Ann Santry requested information on the geographical distribution, and potential spread of sites, to inform the development of criteria and priorities.
- 5.16 Nigel-Horton Baker asked who was responsible for carrying out searches and bringing sites forward. Paul White explained that BLAC actively searched for sites by approaching local authorities. He anticipated that in the future suitable sites would also be available through the internet.
- 5.17 Cath Stubbings advised that a survey of local authorities in late 2006 had produced a long list of potential sites, which there would be an opportunity to review in the future.

The Board considered and AGREED to instruct the Project Team to develop detailed proposals for the administrative, financial criteria and contractual arrangements for Board's investment in BLAC based on the framework set out in this paper; and for the Project Team to work with BLAC to develop a programme for the Board's consideration at its meeting in January 2008.

6. Regional Housing Strategy Review - Published Document

- 6.1 Martin Tugwell referred to the Board's recommendation for funding and indicated that it was timely to provide an update to the RHS which builds on the funding priorities in the submission to the Secretary of State.
- 6.2 He drew attention to errors on page 7 of 16, in Figure 2: Spatial Distribution of funding for affordable housing 2008-11 relating to Sussex Coast and the

Rest of County Areas/loW. Cath Stubbings undertook to provide the correct figures which are for Sussex Coast **5,400** and **10.21%** and **7,361** and **13.91%** for the Rest of County Areas/Isle of Wight. The amended total figures are: Sub-regional Total **45,547** and South East Total (including Growth Areas) **52,908**. The corresponding percentage figures are amended to: Sussex **10.21%**, Sub-regional Total **86.32%** and Rest of County Areas/loW **13.91%**.

- 6.3 The Housing Corporation indicated that there would be an opportunity to correct the figures in the online Prospectus in two weeks' time. It was **AGREED** to include a footnote to the table explaining that the distribution of funds and homes may differ from the values set out in Figure 2 due to the programme being determined by the bids received.
- 6.4 Clarity was sought about the phrase "- a clear increase in the overall number of homes and in the provision of social rented homes" on page 2 of 16 para 2.4. The HC advised that the 2007-08 may refer to the previous two year period and will be updated. It was **AGREED** to amend the paragraph to provide current data.
- 6.5 It was **AGREED** to insert the following additional sentence (new text in bold) to Para 4.2.1.4 so that it reads:
- "The consultation on the RHS highlighted a concern that the current range of affordable housing products does not cater adequately for the full range of needs in the region; in particular the needs of larger households.
Consultation feedback indicates that home ownership is out of reach of many larger families in our region. We therefore believe that local authorities should explore opportunities to promote intermediate homes for rent when considering their strategic housing policies."
- 6.6 It was suggested that data relating to the region's performance against its planning obligations with respect to affordable housing should be included in future updates. Cath Stubbings advised that information on affordable housing achieved without grants will be included in the Assembly's Annual Regional Monitoring Report. Howard Ewing observed that this would help facilitate a strategic overview by identifying areas where the region could improve.
- 6.7 Responding to a suggestion, by Sheila Drew-Smith, about the opportunity to carry out joint research with partners into the potential of newly regulated equity release schemes (para 4.6.2 on page 9), Martin Tugwell anticipated that this would be shown most clearly in the Action Plan and through the monitoring of planning obligations
- 6.8 Martin Tugwell suggested that it will be helpful to consider the BLAC's programme in parallel with the HC's programme, at the next meeting of the RHB, so that cross-relationships could be fully explored.

The Board:

- 1. APPROVED, subject to the comments recorded in the Minutes, the update to the Regional Housing Strategy for publication.**
- 2. AGEED that any changes required to reflect the Government's announcement on funding allocations be agreed by the Chairman.**

7. Forward Work Programme

- 7.1 Martin Tugwell referred to the five key themes and opportunities, which had been explored in the morning workshops, as the focus for an Action Plan which the Project Team would devise as a strategic document for the Board's consideration at its next meeting.
- 7.2 Sustainability - He suggested that attention would need to be focused on how the retrofitting of existing stock was addressed in addition to meeting the required standards in new homes. The cost of these measures would need consideration in addition to energy consumption and resource use in the widest context.
- 7.3 Health and Housing - The Board should develop further the work already undertaken on overcrowding and homelessness and consider specific areas with potential for influence and joint-working.
- 7.4 The Ageing Population - Consideration of the impact of demographic changes to ensure the best use of the evidence base to house a growing, ageing population. In particular, reappraising understanding of the needs of the ageing population in order to assess how those needs are met by current stock. This would clarify the Board's vision, confirm future actions and identify opportunities for joint-working. The assessment would facilitate an informed consideration of funding arrangements to ensure value for money. Sheila Drew-Smith suggested that explicit reference be made to Supporting People.
- 7.5 Planning Obligations - The Board should examine how these might change in the future in the light of the common starting points and the identified need for affordable housing.
- 7.6 Funding - The Board should undertake further work on providing the evidence which will underpin the Board's advice to stakeholders on equity release.
- 7.7 In addition Martin Tugwell drew attention to ongoing work by the Assembly on Strategic Housing Markets, the Sub-National Review and Sub-Regional Partnerships and Private Sector Renewal.
- 7.8 Nigel Horton Baker asked for consideration to be given to the cost of waste disposal in the design of both individual units and large housing developments.

He also asked whether there was a role for the Board with respect to the impact of climate change.

- 7.9 Fiona Cruickshank advised that work on some areas of the Action Plan had already been considered by other bodies and this work could provide a starting point for the Board's consideration.
- 7.10 Sheila Drew-Smith cited the work of the HC's Homelessness Policy Group which had considered the cost of building homes to higher standards. In particular she referred to the National Design Guidelines for Building in Flood Areas by Duncan Michael which had been recently published.
- 7.11 Fiona Cruickshank referred to the HC's Prospectus which encouraged the better use of assessment tools and Section 106. Cllr John Goddard suggested that Oxford would be a useful area to study.

The Board:

- 1. **AGREED the focus for the Action Plan, as recorded in the Minutes to be included within the update to the Regional Housing Strategy and**
- 2. **Requested that the Project Team prepare a draft Action Plan for inclusion within the update to the Regional Housing Strategy.**

8. Making the Case

- 8.1 Martin Tugwell advised the Board that the report provided the draft framework for the document. It was intended that Making the Case will be a separate, concise document.
- 8.2 He noted that the EiP Panel Report would provide some of the supportive evidence whilst other requirements for resources pre-dated the EiP. It provided an opportunity to specify the costs of providing higher standards, as well as the costs of providing the required number of new affordable homes.
- 8.3 Cllr Keith House **AGREED** to facilitate a joint piece of work with SEEDA to demonstrate that, pound for pound, an investment in affordable housing in the region yielded a higher return than the same investment in other regions.
- 8.4 Fiona Cruickshank indicated that the HC had submitted evidence to the EiP, concerning the amount of funding that was needed to deliver numbers of houses of different types and size, subject to a number of caveats.
- 8.5 Ann Santry advised that the National Housing Federation South East (NHFSE) had published Home Truths South East, which included statistical information on house prices and housing needs. This was available on the NHFSE website.

- 8.6 Sheila-Drew Smith suggested that it would be helpful to consider data concerning the practice of investment to stand empty and investment to rent. It was anticipated that, with the exception of London, the South East was likely to be the worst affected region by this issue.
- 8.7 Steve Kethero reported that CLG had established a task force to consider investment to stand empty. He undertook to provide further information. It was **NOTED** that tax relief was available on mortgage interest for these schemes.
- 8.8 There was a short discussion about the intended audience for Making the Case in the context of the imminent Comprehensive Spending Review 2007 settlement. Howard Ewing referred to the first sentence of page 1, para 1 4th bullet, "The scale of the problem associated with acute lack of affordability is such that it cannot be tackled by means of increasing the supply of housing." He offered a different interpretation of the Barker Review by suggesting that greater market housing would, in the long term, provide more affordable housing through Section 106.
- 8.9 Nigel Horton-Baker noted that Making the Case was an important regional emphasis document.
- 8.10 It was **AGREED** that statistical evidence was needed to support the position of the South East relative to other regions, particularly in relation to the affordability of market housing.

The Regional Housing Board APPROVED the draft outline structure for the Making the Case document subject to any comments, recorded in the Minutes,

9. Items for Information - verbal

- 9.1 It was **NOTED** that Item 1 should refer to this item as the South East Homelessness Forum.
- 9.2 Alistair Moses confirmed that the Regional Sustainability Framework - Consultation had been circulated to all Regional Assembly members, local authority leaders and local authority planning departments.

The Board **NOTED** the Items for Information.

9a. National Affordable Housing Programme Progress

- 9a.1 Fiona Cruickshank reported that it was anticipated that the first quarterly report would indicate slow progress and reminded the Board that in 2006, £100m of a £350m budget was spent in the last two weeks of March. She advised that this was an unsatisfactory situation which the Corporation intended to remedy by not allocating all of the funding for the three years at the outset so that it could respond to a process of continuous market

engagement. This would enable responses to be made to schemes as they became available and even out expenditure and completions across the year.

- 9a.2 Sheila-Drew Smith confirmed this approach for the next programme published in the HC's prospectus.

The Board **NOTED** the contents of the report.

The Chairman thanked Sovereign Housing Group for its hospitality.

The meeting closed at 3.30 p.m.

Date of next meeting:

5 December 2007 at 14.00 at the Mandolay Hotel, Guildford

All meetings in 2008 to start at 10.30 a.m.