

**SOUTH EAST ENGLAND
REGIONAL HOUSING BOARD**

MINUTES OF THE MEETING ON 15 MAY 2008

Present:

Board Members

Cllr Elizabeth Cartwright	Regional Assembly (Chairman)
Cllr Gillian Brown	Regional Assembly
Howard Ewing	GOSE
Cllr Tony Page	Regional Assembly
Ann Santry	Regional Assembly
Sheila Drew-Smith	Housing Corporation

Officers

Martin Tugwell
Heather Bolton
Alison Bailey
Cath Stubbings
Louise Wilby
Lee Amor
Trevor Beattie
Fiona Cruickshank
Leigh Herington
Graham Hough
David January
Sharon Smith
Chris Woolf

In attendance

Steve Baker
Sandrine Mathard
Tina Morris
Jo Shockley

1. Apologies and Substitutions

- 1.1 Apologies were received from David Edwards, Cllr Keith House and Nigel Horton-Baker.

2. Minutes of the Meeting Held on 17 January 2008

- 2.1 The Minutes were **AGREED** subject to the following amendments in bold text:
- 2.2 Page 4, para 5.6
First sentence to be amended to read, “Fiona **Cruickshank** highlighted the Housing Corporation seminars on good practice.”
- 2.3 Page 2, para 2.4
To be amended to read, “Ann Santry advised that the market slow down **and delays** in the planning system had contributed to the **delivery** problem.”

3. Matters Arising Not Elsewhere on the Agenda

- 3.1 Page 1, para 1a.1
The Chairman confirmed that discussions were ongoing with respect to the Brownfield Land Assembly Company (BLAC).
- 3.2 Page 2, para 2.2
Howard Ewing reported that the Improvement Agency for Development of Local Government (IDeA) had been working with the Isle of Wight.
- 3.3 Page 3, para 4.7
Martin Tugwell confirmed that discussions with CLG were seeking to clarify whether it was appropriate to mainstream funding for the delivery of facilities for Gypsies and Travellers. In addition discussions were ongoing with CLG with regard to the Growth Support Fund. A report on the latter would be brought to the next Board meeting.
- 3.4 Page 4, para 5.9
Cath Stubbings reported that events were planned to share good practice relating to Local Development Frameworks (LDFs) and the preparation of Development Plan Documents (DPDs). These would form part of the Board's work on addressing barriers to delivery of affordable housing.

4. Homes and Communities Agency: Update

- 4.1 Trevor Beattie summarised the legislative programme for the establishment of the Homes and Communities Agency (HCA). It was anticipated that the Bill would receive Royal Assent in July 2008.
- 4.2 The HCA will bring together the housing, investment and regeneration functions of English Partnerships (EP), the investment section of the Housing Corporation (HC), the Academy of Sustainable Communities (ASC) and delivery dimensions of CLG. In addition to the national affordable housing programme, the HCA budget will embrace the Housing Market Pathfinder, Growth Area Funding, housing Private Finance Initiatives (PFIs), the decent homes programme and regeneration projects.
- 4.3 HCA will place a high priority on working with local authorities. Trevor Beattie welcomed the legislation's emphasis on communities, the building of skills capacity and the crucial role of the ASC in providing education and training.
- 4.4 Sir Bob Kerslake had been appointed as Chief Executive Designate. A small set-up team had been created to oversee the transition period; this is anticipated to extend beyond the initial formation of the HCA. It was emphasised that HCA will have its own distinct culture whilst building on the strengths of EP and HC. Trevor Beattie highlighted that the breadth and flexibility of the Agency would enable it to be well placed to work with local authorities to enable the best delivery vehicles to be applied.

- 4.5 Trevor Beattie outlined the process for developing the HCA's Corporate Plan emphasising that the detail would be worked out on a local and regional basis. He highlighted the importance of early engagement with the Board in the preparation of the Agency's draft regional plans. He believed that it was essential that HCA's plans were aligned with the single Regional Strategy.
- 4.6 It was anticipated that the draft Corporate Plan, to be published at the beginning of April 2009, would be a high level statement of intent to provide direction for the nine newly formed regions. The regional teams would bring together a number of existing budgets into a single pot; this would offer greater flexibility to respond to regional needs.
- 4.7 Ann Santry asked how the HCA would work with housing associations. Trevor Beattie acknowledged their crucial role as the delivery vehicle for projects and emphasised that the HCA will be responsive to their needs. He also emphasised the opportunity that the broader remit of the Agency offered in terms of enabling innovative approaches to be developed in partnership with Housing Associations.
- 4.8 Lee Amor asked how added value would be achieved. Trevor Beattie advised that funding will be matched to housing association needs to improve growth, the quality of existing stock and contribute to regeneration. This would be achieved by combining EP land, HC funding and skills and CLG Growth Area money into a single, flexible funding stream.
- 4.9 The Chairman asked how the HCA and regional strategies would be aligned. Trevor Beattie confirmed that there would be a transparent process of involvement from the outset and advised that the regional strategy would be discussed with the Board prior to its submission to ministers.
- 4.10 Sheila Drew-Smith noted that the creation of the HCA would require the RHB to review its membership. Martin Tugwell noted that this would be a matter requiring consideration at a future meeting.
- 4.11 The Chairman thanked Trevor Beattie for his report and invited him to provide the Board with regular updates.

5. National Affordable Housing Programme

a) 2007-8 Review

- 5.1 Fiona Cruickshank reported that the Corporation has met all of the targets set by CLG and Treasury; indeed some targets had been exceeded. The Chairman noted that these targets did not coincide with the need identified at the regional level through the South East Plan.
- 5.2 Fiona Cruickshank confirmed that the homes identified as part of the rural programme had received planning permission.

- 5.3 Ann Santry asked about the percentage of waivers granted to allow the acceptance of homes that are below the Corporation's normal standard for funding. Fiona Cruickshank reported that the number of occasions waivers had been agreed was very limited.
- 5.4 Howard Ewing asked whether anything could be done to encourage improved delivery in those areas where the current take up was lower than the identified need. Fiona Cruickshank advised that the cyclical nature of delivery meant that one year's picture represented a snapshot in time and could be heavily influenced by individual sites coming through.
- 5.5 It was **AGREED** that future reports to the Board would present Corporation information on completions against the need identified in the South East Plan. Martin Tugwell noted that such an approach had been used at a recent meeting of the Regional Housing Forum; this had shown the allocation of funding as a percentage of the overall programme by South East Plan sub-regions.
- 5.6 It was noted that the Corporation was only able to consider bids that were put forward. However it was accepted that there was scope for the Board to highlight those parts of the region where the allocation of funding appeared to be at variance with the identified requirement.

b) 2008-11 Allocations

- 5.7 Fiona Cruickshank reported that the Corporation was considering how best to liaise with the RHB on its Regular Market Engagement process. It was **AGREED** that allocations which were agreed as part of each round of RME would be circulated to the Board electronically, at the earliest opportunity for information.
- 5.8 It was noted that funding allocations were considered against an identified set of key regional priorities. In the first instance these priorities had been drawn up so as to accord with the updated Regional Housing Strategy. However it was accepted that the Board would keep these under review in light of experience and recommend amendments as required.
- 5.9 Howard Ewing noted that the majority of Local Area Agreements (LAA) included housing delivery indicators. He suggested that this may stimulate proposals to come forward for consideration as part of future rounds of RME.
- 5.10 Martin Tugwell noted that the distribution of funds as it currently stood suggested a need for the Board to encourage proposals to come forward in the Growth Areas – particularly Ashford and Milton Keynes/Aylesbury Vale. Fiona Cruickshank noted that some affordable housing was being delivered without the need for grant from the Corporation.
- 5.11 Fiona Cruickshank assured the Board that it was exceptional circumstances which allowed some flexibility regarding space and sustainability standards, to allow homes that may have been previously designed for market sale to be offered for affordable housing.

- 5.12 Fiona Cruickshank noted that the take up of last year's Open Market Homebuy (OMHB) products had not been good. The two new shared equity products provided greater flexibility. She noted that reporting requirements for rural housing had changed from monitoring starts to monitoring completions. The increased target for completions of larger homes from 25% to 28%, whilst welcome, would also be challenging.
- 5.13 Asked to comment on Housing Minister's recent announcement on HomeBuy products, Howard Ewing confirmed that the eligibility criteria for first time buyers had been extended to all applicants with a total income of less than £60,000. Priority would continue to be given to key workers and social tenants. He confirmed that an additional £100m had been allocated to OMHB. He reported that the Corporation had been given flexibility to spend £200m to allow Registered Social Landlords (RSLs) to purchase new property either for rent or low cost home ownership. He stressed that the sum was aimed at stimulating the market and was not additional money.
- 5.14 The Chairman asked to what extent RSLs will be able to overlook the Code for Sustainable Homes in seeking access to the funds announced by the Minister. Howard Ewing advised that this was a matter under discussion with CLG.
- 5.15 Ann Santry noted a visible difference in the application of standards to homes available for shared ownership compared to those available for rent. She suggested that it would not be an issue if most of the money was targeted at home ownership. However, she acknowledged that housing associations were being offered off the shelf products, of very varying standards. Investing in sub-standard homes in the short term would give rise to problems in the longer-term.
- 5.16 Fiona Cruickshank emphasised that situations would be considered on a case by case basis. She stressed the importance of ensuring that properties were fit for purpose in the longer-term. Responding to a question relating to the standard of OMHB products being purchased by the public, she confirmed that these did not meet the same standards.
- 5.17 Ann Santry drew attention to the growing issue of prospective buyers being unable to secure the necessary finance due to the 'credit crunch' Sheila Drew-Smith reported that the Corporation was closely monitoring the current market situation, in particular the credit available to housing associations and the impact of the downturn on house builders. She reported that an Investment Workshop on 22 May 2008 would consider the implications for both current projects and those programme for 2009/10. Ann Santry reported that the financial market situation was a problem for housing associations' shared ownership programme because it subsidised the rental programme.
- 5.18 Responding to a request for further clarification about the latest estimate of OMHB purchases between 2008-11, Fiona Cruickshank advised that the figures reflected the position prior to the Minister's announcement.

- 5.19 Martin Tugwell advised that the issues arising from the 'credit crunch' could be considered as an additional dimension of the Board's work on tackling barriers to delivery. Board members supported the proposal to seek a view from the Council of Mortgage Lenders. Fiona Cruickshank suggested that the Board should explore opportunities that might arise as a consequence of the down turn in the market. Ann Santry suggested that the unintended consequences of government policy in a falling housing market would be a useful regular agenda item.
- 5.20 It was AGREED that the secretariat would consider these points as part of the ongoing programme of work.
- 5.21 The Chairman sought clarification on whether a regional rural housing target had been announced. Howard Ewing undertook to investigate.
- 5.22 Shelia Drew-Smith highlighted two on-going studies; 'Well-Being in Later Life' and 'Funding for an Ageing Society' which focused on the pressures on housing resulting from an increase in the ageing population.

The Board NOTED the contents of the reports.

6. Barriers to Affordable Housing Delivery: Update

- 6.1 Cath Stubbings introduced the paper, emphasising the benefit of presenting the various strands of work as a single initiative under the RHB banner.
- 6.2 Fiona Cruickshank advised that the Corporation's seminars planned for June and July would now take place in the autumn. Howard Ewing emphasised the importance of ensuring the Board's work complemented that being offered by IDeA. Cath Stubbings noted that discussions were ongoing with the National Housing Federation (NHF) and Shelter to ensure that the Board's work draws on their experience and knowledge wherever possible.
- 6.3 Elizabeth Cartwright raised a concern that insufficient consideration was given by the Corporation to the benefit of working with local authority preferred partners when assessing grant applications. Ann Santry noted the inherent tension that exists between the Corporation's need to ensure value for money and the disbenefits arising from working with a housing association that lacked the appropriate management support in a particular locale. She supported Elizabeth Cartwright's view that relationships built up by local authorities with their preferred partners needed to have primacy if standards were to be maintained.
- 6.4 Fiona Cruickshank indicated that the Corporation will always take local authority views into account but cannot allocate on the basis of local preference alone.

The Board ENDORSED the programme of work set out in the Annex.

7. Housing and Affordability in the South East – Report by Christine Whitehead

- 7.1 Alison Bailey advised that the report was a follow up to the workshop held with members of the Regional Planning Committee (RPC) and RHB on 19 March 2008. The report would be considered by the RPC at its next meeting on 21 May 2008. She noted that the Assembly had published Professor Whitehead's report.
- 7.2 Alison Bailey advised that the covering report focused on the key issues for the work of the RHB identified in Professor Whitehead's work. In particular this suggested that there is a need to make increased provision for larger, family sized homes and for the right size and type of housing to be provided in the places where the need is greatest.
- 7.3 The Chairman noted that it was pleasing that Professor Whitehead's report confirmed the priorities in the Regional Housing Strategy.

The Board NOTED the implications of the report by Professor Whitehead on housing supply and affordability in the South East, particularly the need to:

- i) support the provision of an increased proportion of larger homes as a means of improving the operation of the housing market; and**
- ii) recognised that, while there continues to be a debate about the long-term impact of housing supply on market affordability, in the short to medium-term the pressures in the South East are such that the region should continue to press the case for additional funding to deliver sufficient affordable housing of the right type, size and tenure.**

8. Regional Delivery Plan

- 8.1 Martin Tugwell outlined the thinking underpinning the Regional Delivery Plan and the process for its development. He emphasised that the Board will have a key role through the advice it gives on the Regional Funding Allocation (RFA). He reported that the region would be invited to submit updated advice on funding priorities shortly; the advice would need to be with Government by late 08/early 09.
- 8.2 He reiterated Trevor Beattie's earlier emphasis on the importance of the relationship between HCA and the Board indicating that this must lead to the RHB influencing the direction of HCA's regional strategy. In addition Martin Tugwell noted that work was ongoing to establish the Regional Infrastructure Fund (RIF).
- 8.3 Whilst welcoming the Government's commitment to expand the role of the region in advising on the allocation of funds managed by the HCA, the Chairman emphasised the importance of maintaining a strong democratic accountability at the heart of the regional decision making process.

- 8.4 Lee Amor reported that SEEDA welcomed the challenge of working with partners in the preparation of the Regional Strategy. The work of the Assembly was highly valued; SEEDA wanted to work in partnership to find a solution that works for all parties. SEEDA recognise that democratic input was essential if the potential of the Regional Strategy was to be realised.

The Board NOTED to:

- i) Endorse the preparation of the Regional Delivery Plan;**
- ii) Consider the content of the Regional Delivery Plan at its next meeting;**
- iii) Welcome the commitment by Government to retain and expand the scope of the Regional Funding Allocation process;**
- iv) Support the commitment to include those funding streams scheduled to be transferred to the Homes and Community Agency within the expanded RFA process;**
- v) Seek an early meeting with representatives from the Homes and Community Agency transition team with a view to agreeing working arrangements at the regional level.**

9. Regional Funding Allocation: Update

- 9.1 Martin Tugwell drew attention to the impact of the Housing Revenue Account Subsidy system on the region. He highlighted the Government-led review as a key opportunity for the region to input into the debate. He noted that the matter had been raised at the Assembly Plenary meeting on 14 November 2007. An initial view on the topic had been prepared by a consultant for consideration by the Board.
- 9.2 David January set out in greater detail the key issues arising from the operation of the HRA. He explained that the system only applied to local authorities who have retained their housing stock. He referred to the joint CLG Treasury Review in December 2007 which identified a lack of clarity about how the system worked. Following a subsequent announcement in March 2008 four work streams had been initiated. In addition the Chartered Institute of Housing (CIH) was arranging regional consultation conferences for later in 2008, with a subsequent report in spring 2009.
- 9.3 Overall, some 156 local authorities nationally currently make a net contribution to the Government through the system; 50 receive a net contribution. The scheme has a surplus for the first time having been in receipt of £800m and paid out £600m. He noted that Waverley Borough Council currently paid £10.8m to the Government out of £22m income.

- 9.4 WBC had taken the initiative and contacted all local authorities in a similar situation with a view to collecting evidence for submission to the Government-led review. The prevailing view was that a new, simpler solution was required – not changes to the existing system.
- 9.5 David January suggested adding two further principles to those set out in the report: that any change to the system should enable local authorities to invest any additional or retained funds in measures to mitigate climate change; and that local authorities should also be allowed to use the funds to invest in both their existing stock and in the provision of new affordable housing.
- 9.6 Ann Santry suggested amending the recommendations to reflect the issues raised by David January.
- 9.7 It was **AGREED** that the Chairman would write to the Right Honourable Yvette Cooper, MP, at the Treasury, and Caroline Flint, MP to convey the views of the Board.

The Board agreed to:

1. **Note that, in 2008/09, South East local housing authorities contributed an estimated £184.2m to the national Housing Revenue Account (HRA) subsidy system: equivalent to £95 l per tenant and 28% percent of rents collected from tenants across the region.**
 2. **Work with local housing authorities in the region to develop and put forward views on reform to the Government review of the HRA subsidy system.**
 3. **Encourage the review to identify an approach which will enable:**
 - **social housing providers to finance their own management and maintenance services**
 - **decent homes and sustainable communities to be achieved**
 - **tenants' rents to be spent on their homes, additional affordable housing provision and improving homes with respect to climate change**
 4. **Consider regional advice in developing a response to the review following the announcement of arrangements for stakeholder engagement**
- 10. East Midlands Housing Strategy: Consultation Response**
- 10.1 Cath Stubbings provided a brief overview of the draft strategy.

- 10.2 Martin Tugwell noted that a consultation on the London Housing Strategy was expected shortly. Member's views would be sought electronically if the timing of the consultation prevented a substantive debate at a planned meeting of the Board.

The Board welcomed and supported the consultation draft Housing Strategy for the East Midlands.

**11. South East England Regional Assembly Select Committee:
Reducing the Ecological Footprint**

- 11.1 Cath Stubbings explained the emphasis given by the Select Committee to the Board exploring the scope for it to encourage retrofitting of existing housing stock. While this was already identified as an action for the Board, the Select Committee's recommendations highlights the need for action to be accelerated.
- 11.2 Fiona Cruickshank drew the Board's attention to Drum Housing Association's (DHA's) success in achieving the Corporation's Gold Award for sustainability with a particular focus on retro-fitting. It was **AGREED** that a representative of DHA be invited to address the Board.
- 11.3 Lee Amor referred to the joint research currently being carried out by SEEDA, GOSE and the Assembly to consider the improvements which could be achieved through retro-fitting. It was **AGREED** to bring the report to the next Board meeting.

The Board:

1. **Noted the findings of the Regional Assembly Select Committee on Reducing the South East's Ecological Footprint.**
2. **Agreed to take the recommendation set out in paragraph 2.1 of this report into account in implementing the Regional Housing Strategy (RHS).**
3. **Agreed to consider at its next meeting the development and timing of a more detailed programme to implement RHS action relating to retro-fitting of measures to reduce the use of natural resources.**

12. Items for Information

a) Regional Housing Forum Update Report

- 12.1 Alison Bailey advised that consideration was being given to commissioning an analysis of demographic data relating to the ageing population following publication of new district level population projections.

The Board NOTED the contents of this report.

b) Homelessness in the South East 2007

- 12.2 Elizabeth Cartwright expressed concern about levels of homelessness among young people and queried whether more foyers were needed for young people coming out of care.

The Board NOTED the contents of this report.

c) Taylor Review of Rural Affordable Housing and the Economy: RHB response

- 12.3 The Chairman referred to her recent meeting with Matthew Taylor, MP. She noted that he understood the benefit of seeking ways of overcoming local opposition to new rural affordable housing schemes; for example through more sensitive consideration of the physical location of new development relative to existing homes. Fiona Cruickshank added that Matthew Taylor had reiterated a point previously made by the RHB; that notwithstanding the fact that rural employment is no longer primarily land-based new affordable housing is still required in rural areas.

The Board NOTED the contents of this report.

13. Any Other Business

There being no other business the meeting closed at 12.40 p.m.

14. Date of next meeting:

3 September 2008 at 10.30 a.m – venue to be confirmed.

Members were asked to reserve the whole day for the next meeting. It was hoped to hold the Review Day and Board meeting at BRE, Watford including a tour of the Innovation Park. Details are to be confirmed.

Ann Santry tendered her apologies for the next meeting.