

**SOUTH EAST ENGLAND REGIONAL ASSEMBLY
PLENARY MEETING**

Date: 4 March 2009

Subject: **Regional Housing Board**

Report of: Chairman of the Regional Housing Board

Recommendation:

It is recommended that the Regional Assembly notes the report.

Purpose of Report:

To report on the activities of the Regional Housing Board since the last plenary meeting and to identify key areas of activity for the coming months.

Key Issues:

Since the last plenary meeting the Board has met twice. Our main areas of activity have been:

- Reviewing information on affordable housing delivery to advise the Homes and Communities Agency (HCA) on the focus for investment.
- Developing our input to the Regional Funding Advice (RFA).
- Identifying key areas of activity to be taken forward arising out of our work on the RFA.

The focus for the coming months will include our programme of events to tackle barriers to affordable housing delivery, new funding and delivery models to respond to the housing market downturn, the potential of environmental technologies to reduce the carbon footprint of the housing stock and advice on the housing needs of the ageing society.

1. Affordable Housing Delivery

- 1.1 Our meetings on 20 November 2008 and 10 February 2009 shared common themes relating to affordable housing delivery and input to Regional Funding Advice. Membership of the Board has changed to reflect the creation of the Homes and Communities Agency on 1 December 2008.
- 1.2 Data collected by the Regional Assembly for 2007/08 for its Regional Monitoring Report shows that affordable housing delivery continued to fall short of South East Plan targets. In addition, data on house type shows a continued increase in the proportion of homes provided as flats, particularly in the social sector. The region has a long way to go in terms of providing the right type and size of housing. We also noted the widely differing extent to which local authorities in the South East are able to deliver affordable homes without grant. We are investigating this further; we must ensure that all councils can learn from the most successful.
- 1.3 The position regarding this year's National Affordable Housing Programme is mixed. The HCA expects this year's funding allocation to be fully committed: a greater proportion of social rented homes are being funded, bringing delivery closer to the proportion sought by the South East Plan but at the expense of the overall number of new homes that can be provided with a fixed allocation of funding. New build completions to the end of December 2008 totalled 4,064 - a significant shortfall against the 11,600 target in the Proposed Modifications to the South East Plan.
- 1.4 At 209 completions, progress towards our rural target of 500 homes per year in small villages is disappointing. The number of schemes coming forward is surprisingly low given that rural exception schemes tend to be less affected by housing market fluctuations. The Board is looking to local authorities and their communities to be more pro-active in supporting proposals coming forward. Such development can bring significant benefit to the rural economy.
- 1.5 Prospects for future delivery give cause for concern: starts on site are down and RSLs as well as developers and funders are becoming increasingly risk averse. The HCA is working on new approaches to investment: funding development packages rather than individual schemes and using funding as investment as opposed to grant. Funding land acquisition is also being considered. This work is welcome and will be linked into our own work on new models for delivery. Through joint work by all Board partners we also plan to identify how regional funding can be aligned to support schemes in strategic locations.
- 1.6 While all the support measures are welcome, the impact on the housing market will be very limited unless access to lending for RSLs, developers and individuals starts to ease.

2. Regional Funding Advice

- 2.1 I was pleased to be able to invite local authority housing portfolio holders to our workshop in January. Members' input was very helpful in contributing to the development of the Board's advice on funding priorities.

- 2.2 Our input to the RFA makes it clear that the level of funding currently available for investment remains insufficient to meet need identified in the South East Plan. We are concerned that the level of funding for the future is unclear as funding for recent initiatives has been brought forward from future years' allocations.
- 2.3 Our top priority for investment must continue to be affordable housing. This will help retain some capacity within the development industry, providing a potential foundation for the recovery. Skills in using new technologies in the building industry must be enhanced and local authorities are losing planning skills in the market downturn. It is essential that capacity is developed and retained in these areas.
- 2.4 A degree of pragmatism in relation to geographical distribution is required in the short term to ensure that funding goes to deliverable schemes that meet regional priorities.
- 2.5 We recommended widening the definition of rural affordable housing in line with the Regional Housing Strategy which sets targets to provide affordable homes in villages with populations below 3,000 and between 3,000 and 10,000. It is important that parish councils are much more pro-active in enabling rural affordable housing schemes to come forward.
- 2.6 The Board accepted that in the short term there is a need to ensure that HCA funds continue to support delivery of affordable homes. However with the decline in house building activity across the board in the short term, there may be a need to review whether we could make better use of the funds available. We saw merit in investing in infrastructure where this is directly linked to the delivery of affordable housing and re-affirmed support in principle for the Regional Infrastructure Fund (RIF). We will continue to work with the HCA to identify opportunities to make an investment in the RIF.
- 2.7 We have concerns that Gypsy and Traveller pitches are very expensive to provide and may not always represent value for money. Nevertheless we appreciate that hard pressed local authorities find it difficult to provide pitches without our support. We know that the demand for investment in such facilities will increase. The Board supported the need to make more funding available to invest in facilities.
- 2.8 Private sector renewal is regarded as an important contribution towards tackling fuel poverty, addressing climate change and keeping the industry employed. We want to build upon our innovative funding programme once the capacity to deliver has been established.
- 2.9 We remain hopeful that the review of council housing finance will redress the current situation whereby a significant proportion of the funds within Housing Revenue Account is siphoned away from the region. We continue to press for local authority landlords to be in the position whereby allowances for major maintenance and repairs are adequate to maintain their stock to the decent home standard. In the short term there may be opportunities to help landlords struggling to meet the standard by the 2010 target.

3. Looking Ahead

- 3.1 It is clear that the HCA is still 'bedding-in'. In the short term the expectation is that it will continue to focus its investment through existing programmes. However, the potential benefit of the new agency is its ability to use its funding in more creative ways. We will therefore be taking a close interest in the development of the HCA's first corporate plan. We will expect the 'single conversation' at the regional level to be focused through the Regional Housing Board.
- 3.2 Our work on the RFA has highlighted the fact that we can no longer leave developers and housing associations to bear all the risk of delivery. We need to develop new models of delivery in which there is some reallocation of risk. A number of partners are already working on this topic and the Board will encourage sharing of ideas and opportunities.
- 3.3 A particular area that the Board will be focusing on is the need to understand the difference in performance across the region in delivering affordable housing without grant. If we can help improve the performance of all local authorities, so that the best becomes the standard, then we may potentially realise funding for investment in other initiatives.
- 3.4 The RFA has also highlighted the need to drive forward the creation of markets that will enable the widespread application of environmental technologies both for new and existing homes. In addition to helping address the need to reduce our ecological footprint such an approach will ultimately benefit individuals by reducing the cost of running a home. Investment in economic development, skills and training will need to be co-ordinated. We need to accept that the application of higher standards comes with a higher cost in the short term and the public sector will need to consider how it contributes to providing the impetus for such an initiative.
- 3.5 In the meantime we will continue to develop our programme of complementary events designed to address particular affordable housing delivery issues that we have identified. I encourage portfolio holders to take advantage of seminars on Development Finance in a Changing Housing Market taking place in March.
- 3.6 In taking these work areas forward I am keen to build upon the progress made so far in engaging more proactively with local housing and planning authorities across the region. I was heartened to see a number of my colleagues at our recent workshop. I look forward to working with them and other colleagues from across the region in taking this challenging agenda forward.

Cllr Elizabeth Cartwright
Chairman of the Regional Housing Board

18 February 2009