

Notes of the Meeting of the Affordable Housing Working Party

Held on Thursday 9 March 2015 at 2.30pm

In Committee Room 2, Woodgreen, Witney

PRESENT

Councillors: Mrs J C Baker; T J Morris; Dr E M E Poskitt; A H K Postan and G Saul

Officers: Christine Gore, Frank Wilson and Paul Cracknell

1. APPOINTMENT OF CHAIRMAN

It was **Agreed** that Mr T J Morris be appointed as Chairman of the Working Party.

2. NOTES OF THE MEETING HELD ON 19 MARCH 2015

The notes of the informal meeting of the Working Party held on 19 March 2015, copies of which had been circulated, were agreed as a correct record.

3. APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

Apologies for absence were received from Mrs J M Doughty, Mr D S T Enright and Mr P J Handley.

4. ROLE AND SCOPE OF THE WORKING PARTY

It was reported that Mr Handley had expressed some concern that a meeting of the Working Party was premature at this stage given that the implications of the proposed extension to the Right-to-Buy through the Housing and Planning Bill was not yet clear. In addition, whilst recognising that the initial scope of the Working Party fell within the scope of the Finance and Management Overview and Scrutiny Committee, Mr Handley considered that the wider question of the provision of Affordable Housing was a matter that more properly fell within the remit of the Economic and Social Overview and Scrutiny Committee.

Mr Wilson acknowledged these concerns and noted that the Working Party had initially been established to give consideration to methods by which new affordable housing developments by Registered Social Landlords could be financed by the Council so as to generate a financial return. However, the initial scope of the Working Party had evolved, incorporating issues of Affordable Housing provision that were more closely related to Local Plan issues and the role of the Economic and Social Overview and Scrutiny Committee.

Mr Saul noted that the prospective extension of the Right-to-Buy to Housing Association properties had rather overtaken the initial intention with the resultant delay to the Working Party's programme. However, he advised that

there were other potential vehicles by which the Council could support Affordable Housing, for example through Community Land Trusts or Shared Ownership schemes, but acknowledged that these wider areas surrounding the provision of Affordable Housing would be more appropriately addressed by the Economic and Social Overview and Scrutiny Committee. Mr Morris concurred.

Mr Wilson sought to identify the range of on-going issues currently impacting upon the provision of Affordable Housing. He drew attention to the importance of the Local Plan and the associated house building rate which was fundamental to the provision of Affordable Housing given that the primary mechanism for delivery was through developer funding. He emphasised the importance of identifying need and potential deliverability and the impact of the impending revision to the Right-to-Buy legislation. He noted the introduction of the Government's Starter Homes Initiative and made reference to the recent extension to Permitted Development Rights which intended to promote the provision of lower cost housing through the conversion of redundant office space; but questioned the applicability and effectiveness of these arrangements in an area such as West Oxfordshire.

Turning to ways in which the Council might seek to generate a financial return, Mr Wilson made reference to the recent formation of a local housing company by Cherwell District Council with the intention to develop a large brown field site purchased from the Ministry of Defence. However, an initiative of this nature was reliant upon the availability of sufficient land. In conclusion, Mr Wilson noted that funding development by an RSL could still generate a financial return, provided that the properties built could be excluded from the revised Right-to-Buy provisions.

Mrs Gore advised that it was important to understand all the available types of Affordable Housing and the constraints pertaining to each. At present, this was far from clear as the Housing and Planning Bill had yet to be passed and amendments were coming forward on a daily basis.

Mr Wilson advised that Cotswold District Council had introduced a mortgage scheme in association with Lloyds Bank but it was not clear to what extent access to funding remained an issue following the introduction of national Help to Buy schemes. Mrs Gore suggested that access to funds remained an issue in West Oxfordshire where house prices and salary averages were such that the necessary 20% deposit remained out of reach to those on low incomes.

Dr Poskitt agreed that, given the nature of the great majority of properties in the District, a 20% deposit was unattainable to those on an average salary and suggested that a greater number of smaller properties needed to be provided.

Mr Morris indicated that housing supply was more relevant to the Economic and Social Overview and Scrutiny Committee and reminded Members that the Working Party had been established to identify mechanisms by which the Council could fund Affordable Housing development whilst securing a

financial return. Mrs Baker indicated that the Working Party would need further information on the potential levels of return that could be achieved. Mr Wilson advised that the Council already supported Housing Associations through its Housing Enabling Fund but cautioned that the Council only had some £3M to £4M of uncommitted capital reserves as there were other calls on its resources. If the Council was to invest significant sums in Affordable Housing projects then it was likely that it would have to borrow money to fund these projects. Whilst it was fortunate in having cash investments with fund managers, this money was not necessarily available as capital expenditure.

Mr Wilson went on to advise that the Council was probably in a position to fund some form of mortgage incentive scheme but, without any significant landholding, it was not in a position to pursue a more ambitious project such as a local land company in the same manner as Cherwell or Oxford City Councils. Whilst it could seek to secure land for development purposes, any acquisition would need to take account of Local Plan designations.

Mrs Gore suggested that it was important to identify affordability issues such as the relationship between house prices and wages, the types and nature of the various forms of Affordable Housing and how to seek to maximise affordability issues. By and large, these factors were within the remit of the Economic and Social Overview and Scrutiny Committee and it was perhaps more appropriate for them to be considered in that forum in the first instance with any relevant recommendations being made to the Finance and Management Overview and Scrutiny Committee. The Economic and Social Overview and Scrutiny Committee could conduct the initial research, drawing together relevant information and, if appropriate, making recommendations to the Finance and Management Overview and Scrutiny Committee to consider the provision of financial support.

Mr Postan acknowledged the respective committee responsibilities and suggested that a Working Party with representation from both could be formed to make recommendations to the relevant Committee. He indicated that the primary factors governing housing affordability were land values and planning issues such as the continued preservation of the Oxford Green Belt. He noted that, whilst key workers could previously have been able to secure a mortgage of four or five times their income, current lending restrictions were such that they were no longer able to do so. The Council could look at ways in which it could help to bridge the affordability gap, taking the financial risk based upon the nature of the occupation. West Oxfordshire was losing out on the ability of key workers to remain in the District and individual Members of the Working Group could use their personal expertise to explore ways in which this could be addressed.

Mr Wilson expressed support for maintaining a distinction between the roles of each Committee but questioned the likely level of take up for a key worker mortgage scheme should the Council proceed down that route. In the first instance it would be necessary to define who constituted a key worker and decide where support would be provided.

Mr Morris suggested that it would be more appropriate for the Economic and Social Overview and Scrutiny Committee to design a scheme and make recommendations to Finance and Management as appropriate. He questioned whether it would be better for that Committee to form a Working Party with representation from FMOS.

Mr Postan reiterated his view that the difficulty was principally due to land supply and affordability, suggesting that the Council should concentrate on 'affordable buying' rather than the provision of Affordable Housing. Mortgage support could be extended beyond key workers. If a pilot scheme was developed for local NHS staff the model could be extended. The Council's exposure would only extend to the risk of default as funding would be provided by the banks with the Council acting as guarantor.

Mr Wilson cautioned that it was unlikely that such a scheme could generate a significant financial return, although it was possible that it could be cost neutral. Such a scheme would be reliant upon the use of capital reserves rather than treasury management funds and Mr Wilson suggested that the Working Party could look at the Cotswold scheme in more detail. Dr Poskitt suggested that other authorities may well operate similar schemes which could also be considered.

Mr Morris indicated that, whilst the Council could not look at funding development until the full implications of the extension of the Right-to-Buy became clear, it could explore key worker and help to buy schemes. Mr Wilson advised that the Council already operated a shared equity scheme but it was not clear to what extent take up had been affected by recent national initiatives.

Members of the Working Party were keen to ensure that progress was not delayed by technical boundaries between Committees and questioned whether a cross-committee working party could be established. It was explained that, whilst the formation of such a group would have to be formally endorsed by each Committee, there was nothing to preclude such an arrangement. Whilst membership would not be governed by the rules relating to political balance, Members were cognisant of the need to ensure that membership did not become unwieldy.

Mr Morris advised that he would discuss the formation of a joint working party with the Chairman of the Economic and Social Overview and Scrutiny Committee and Mr Wilson undertook to prepare a scoping paper for future consideration to include information on mortgages for key workers, types of tenure and which groups each was directed towards assisting.

It was **Agreed:**

- (1) That the Chairman of the Working Party would discuss the formation of a joint working party with the Chairman of the Economic and Social Overview and Scrutiny Committee.

- (2) That a scoping document be prepared for consideration at a future meeting.

The meeting closed at 3.15pm