

Date: 16 June 2009
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To: Members of the Overview/Scrutiny - Communities Committee
(Councillors: Vivienne Ash, Christine Drew, Roger Giles,
Darryl Nicholas, Marion Olive, Helen Parr, Margaret Rogers
Philip Skinner, Graham Troman, Mark Williamson)

East Devon District Council
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**Meeting of the
Overview/Scrutiny - Communities Committee
Wednesday 24 June 2009 – 6.30pm
Council Chamber, Knowle, Sidmouth**

Members of the public are welcome to attend this meeting.

- A period of 15 minutes has been provided to allow members of the public to raise questions.
- In addition, after a report has been introduced by the relevant Portfolio Holder and/or officer, the Chairman of the Committee will ask if any member of the public would like to speak in respect of the matter and/or ask questions.
- All individual contributions will be limited to a period of 3 minutes – where there is an interest group of objectors or supporters, a spokesperson should be appointed to speak on behalf of group.
- The public is advised that the Chairman has the right and discretion to control questions to avoid disruption, repetition and to make best use of the meeting time.

A hearing loop system will be in operation in the Council Chamber.

AGENDA

Part A

Page/s

1. **Public question time – standard agenda item (15 minutes)**
Members of the public are invited to put questions to the Committee through the Chairman.
 - Each individual questioner exercising the right to speak during this public question time is restricted to speaking for a total of 3 minutes.
 - Councillors also have the opportunity to ask questions of the Leader and/or Portfolio Holders during this time slot whilst giving priority at this part of the agenda to members of the public.
 - The Chairman has the right and discretion to control question time to avoid disruption, repetition, and to make best use of

the meeting time.

2. To receive any apologies for absence.
3. To consider any items, which, in the opinion of the Chairman, should be dealt with as matters of urgency because of special circumstances.

(Note: such circumstances need to be clearly identified in the minutes; Councillors please notify the Chief Executive in advance of the meeting if you wish to raise a matter under this item. The Chief Executive will then consult with the Chairman).

4. To agree any items to be dealt with after the public (including the press) have been excluded. There is **one** item that the officers recommend should be dealt with in this way.

5. **Remit of the Overview/Scrutiny - Communities Committee**

The remit of the Committee, along with the remit of the other Overview and Scrutiny Committees, is attached for information.

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6. **Resolutions from the former Scrutiny Committee on improvement to the Scrutiny Function**

Members to consider the resolutions made by the former Committee; if the resolutions should be adopted in full or amended to fit with the remit of the Overview/Scrutiny - **Communities Committee**.

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7. **Sustainable Communities Act**

Members to consider suggestions for putting forward under the Act.

The Chairman proposes, subject to the support of the Committee, that:

All authorities keep the Housing Revenue Account subsidy to spend on affordable housing initiatives within their District.

Engagement
& Funding
Officer

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8. **Affordable Housing in East Devon**

Members are asked to consider the issues and options set out in a discussion paper from EDDC's Housing Team, which gives an up to date position of affordable housing provision in East Devon. Members will consider the Council's current strategy and look to propose possible solutions to increase future provision of affordable housing in the district.

Head of
Housing and
Social
Inclusion

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9. **Future Meetings plan and key issues for Overview/Scrutiny - Communities Function**

Members to debate items for future meetings of the committee as well as to identify key liaison partners.

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10. **The Vice Chairman to move the following:-**

"that under Section 100(A) (4) of the Local Government Act 1972 the public (including the press) be excluded from the meeting as exempt information, of the description set out on the agenda, is likely to be disclosed and on balance the public interest is in discussing this item in private session (Part B)."

Part B

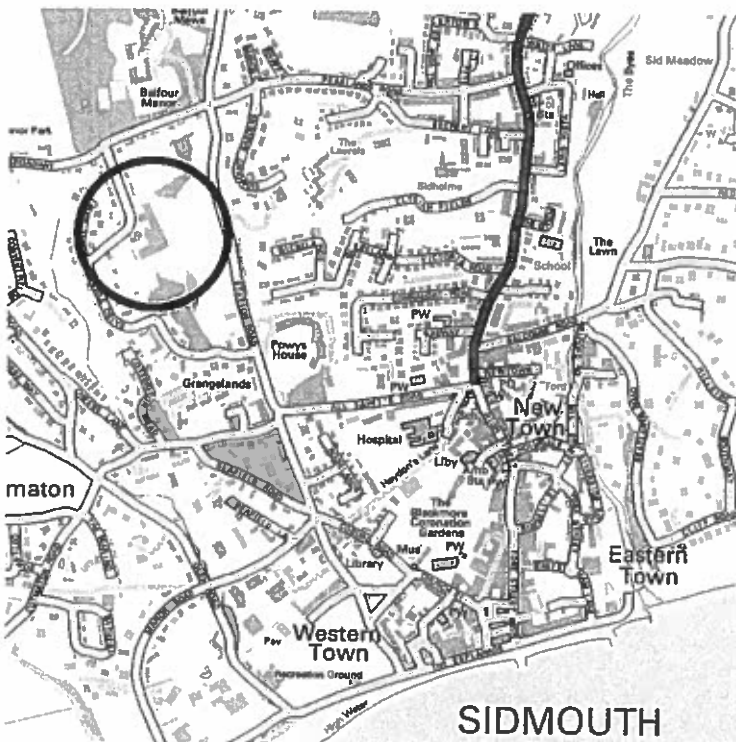
11. Affordable Housing Development Programme

Para 3 Schedule 12a. Information relating to financial or business affairs of any party person (including the authority holding information).

Members remember!

- You must declare any personal or prejudicial interests in an item whenever it becomes apparent that you have an interest in the business being considered.
- Make sure you say the reason for your interest as this has to be included in the minutes.
- If your interest is prejudicial you must leave the room unless you have obtained a dispensation from the Council's Standards Committee or where Para 12(2) of the Code can be applied. Para 12(2) allows a Member with a prejudicial interest to stay for the purpose of making representations, answering questions or giving evidence relating to the business but only at meetings where the public are also allowed to make representations. If you do remain, you must not exercise decision-making functions or seek to improperly influence the decision; you must leave the meeting room once you have made your representation.
- You also need to declare when you are subject to the party whip before the matter is discussed.

Getting to the Meeting – for the benefit of visitors



The entrance to the Council Offices is located on Station Road, Sidmouth. **Parking** is limited during normal working hours but normally easily available for evening meetings.

The following **bus service** stops outside the Council Offices on Station Road:
From Exmouth, Budleigh, Otterton and Newton Poppleford – 157

The following buses all terminate at the Triangle in Sidmouth. From the Triangle, walk up Station Road until you reach the Council Offices (approximately ½ mile).
From Exeter – 52A, 52B
From Honiton – 340 (Railway Station), 387 (Town Centre)
From Seaton – 52A, 899
From Ottery St Mary – 382, 387

Please check your local timetable for times.

The Committee Suite has a separate entrance to the main building, located at the end of the visitor and Councillor car park. The rooms are at ground level and easily accessible; there is also a toilet for disabled users.

Visitors please note that the doors to the civic suite (meeting rooms) will be opened ¼ hour before the start time of the meeting. Councillors are reminded to bring their key fobs if they wish to access the area prior to that time.

For a copy of this agenda in large print, please contact the Democratic Services Team on 01395 517546

Constitution Changes 2009/10

1. Overview and Scrutiny Committees

Members are aware it is proposed to replace the Corporate Overview Committee and the Scrutiny Committee with four Overview/Scrutiny committees. The reason for this is to give more members the opportunity to become involved in policy development and/or scrutiny, support the Council's performance improvement drive and provide the means for greater community engagement.

The new Overview and Scrutiny committees will be:

1.1 Overview and Scrutiny Co-ordinating Committee

This Committee will co-ordinate the work of the other three new Overview and Scrutiny committees: Communities, Economy, Service Delivery and Performance. It will ensure that the Council develops its partnership working and helps achieve integrated Devon service delivery. Its remit will include service delivery across the Local Government family Devon-wide, achieving savings through remote working with neighbouring authorities (Mid Devon, Exeter, West Dorset, AONBs/Blackdown Hills), working with parish councils, Police, Fire, and the Primary Care Trust, Comprehensive Area Assessment issues and Local Strategic Partnership service commissioning. It will also be the Council's statutory crime and disorder committee.

1.2 Economy Overview and Scrutiny Committee

to include:

- recession recovery,
- town services, high street future,
- skills and training, school provision for leavers and achievers, Further Education provision,
- property based decisions
- Local Government Association issues.
- Sustainability

1.3 Communities Overview and Scrutiny Committee

to include

- affordable housing, housing availability,
- urban, rural and Safe Communities.
- developing, reviewing and monitoring the effectiveness of the Council's work on equality and diversity
- developing and implementing the community empowerment vision
- Scrutinise community engagement and empowerment initiatives and governance arrangements, with input from communities to drive improvement

1.4 Service Delivery and Performance Overview and Scrutiny Committee

Remit to include: right sized establishment, systems thinking and on-target delivery.

1.5 The Housing Review Board remains a Council Overview and Scrutiny Committee and no changes are proposed to its terms of reference.

EAST DEVON DISTRICT COUNCIL

Extract of Minutes of a Meeting of the Scrutiny Committee held at Knowle, Sidmouth on 12 November 2008

38 Improvements to the Scrutiny Function

Debbie Meakin, Democratic Services Officer, explained to Members the context of the report that contained suggestions on how to improve the Scrutiny function. Members were reminded of the resolutions by the Executive Board that the Scrutiny Committee revisits its recommendation for a dedicated Scrutiny Officer and associated implications; and its recommendation that the Scrutiny Committee review matters prior to a decision being made by the Executive Board. The report covered a number of possible ways of improving the Scrutiny function, including how to consider suitable topics, improve questioning techniques, and Member development; as well as the implications of a dedicated Scrutiny Officer.

A dedicated Scrutiny officer, separate from the Executive Board and senior management, continued to be strongly supported. The Chairman also added that the Scrutiny Committee needed to "up its game", to be more effective and that its work should be Member led.

Members also discussed some of the problems associated with the Scrutiny function at present:

- Difficulty in motivating Members to attend. Had all Members volunteered to be Members of the Scrutiny Committee?
- The agenda items were often seen as dull and did not inspire attendance;
- Performance Indicators and Service Plan information was not always clearly or precisely presented and had no clear explanation or guidance, which meant that it was hard for the Committee to engage and challenge;
- Reports must be in plain English;
- Issues such as the new Recycling and Refuse Contract should be considered by the Scrutiny Committee before implementation.

Members agreed that many of the measures for improvement suggested in the report, including topics, improved questioning and Scrutiny Member development, would be helpful and should be implemented.

Members also considered that, although there was a cost implication to having a dedicated officer to the Committee for a three day per week role, this could be justified and bid for during the budget process. The report identified that the current provision for Scrutiny support equated to 1.5 days per week; if the current post's duties were converted to dedicated scrutiny support (3 days) the outstanding balance of the current post's duties (1.5 days) needed to be covered. This could mean either increasing the hours of another part-time officer or employing another officer to cover the work. A Democratic Services Officer was currently at pay scale 6 (£22,122 - £24,545) so to find another 1.5 days per week equated to an increase of £6,636 - £7,363. If an additional officer had to be employed to cover the 1.5 days, this would incur further on-costs adding a further £1,626 - £1,804. Members suggested that a joint Corporate Overview and Scrutiny Officer could be appointed as an alternative. The implication at the meeting was that the cost of a joint officer would be the same as the costing given for the dedicated Scrutiny Officer.

38 **Improvements to the Scrutiny Function cont./..**

RESOLVED

- 1) that changes to the operation of the Scrutiny Committee be implemented, to review its workload in a wider context, drawing topics from:
 - a) specific concerns highlighted in the Performance Indicator and Service Plan reports;
 - b) rolling reviews of services;
 - c) the decisions of the Corporate Overview Committee, to establish if implementation has occurred;
 - d) other authorities and agencies in East Devon as dictated by the "area based" Performance Indicators;
 - e) other Members, members of the public and complaint trends;
 - f) reviewing past Executive Board decisions with a view to questioning the relevant Portfolio Holder.
- 2) that training and supporting material be provided to increase confidence in questioning and scrutinising, including the introduction of a pre-meeting to decide on questioning strategy with all Members of the Scrutiny Committee as appropriate;
- 3) that Scrutiny Member development be increased to provide a better understanding of services so that these could be effectively challenged and scrutinised;
- 4) that the Leader be invited to meet with the Scrutiny Committee to discuss how the Committee could be more effective, and play a full part in improving services provided by the Council for East Devon residents, including having a dedicated officer;
- 5) that future reports on Performance Indicators be presented in a format which is clear, meaningful, and with full explanation; and contains "leading" and "lagging" indicators when in place, to give a clear picture of service performance.

RECOMMENDED

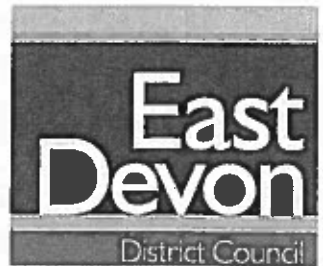
- 1) that the Council's constitution be reviewed, to consider other options:
 - a. amendment to permit the Scrutiny Committee to consider items, where considered appropriate, before the decision comes before the Executive Board. Such items could be identified from the Forward Plan of the Executive Board;
 - b. options on other ways of undertaking the Overview and Scrutiny function as a combined function and the practicalities of implementing such options
- 2) that a dedicated Overview and Scrutiny Officer be appointed;
- 3) that the Chairman and Vice Chairman of the Scrutiny Committee regularly meet with the Chairman and Vice Chairman of the Corporate Overview Committee to help avoid duplication and agree programmes.

Agenda Item 7

Communities Committee

24 June 2009

SCA09



Sustainable Communities Act

Summary

The Sustainable Communities Act seeks to promote the sustainability of local communities by inviting councils and communities to put forward proposals which will contribute to the sustainability and wellbeing of local areas.

The Council has sought to generate proposals through community engagement with a deadline for community groups to submit proposals by 22 June. The proposals put forward are to be prioritised by our residents' panel in early July.

Under the new committee arrangements, the prioritised proposals would normally be considered by this Committee. However, because the timetable for the generation and prioritisation of proposals was established some time ago and does not tie in with the date of this meeting, it is not possible for this to happen this year.

The prioritised proposals will, therefore, be considered by the Executive Board on 15 July with a recommendation for approval by the Council on 29 July. This will allow the proposals to be submitted to the Local Government Association by the national deadline of 31 July.

Members of the Committee are welcome to attend the Executive Board meeting on 15 July 2009 to participate in discussion of the prioritised proposals.

Recommendation

That the Committee notes that proposals under the Sustainable Communities Act this year will be considered by the Executive Board on 15 July.

a) Reasons for Recommendation

On 15 April 2009 the Council agreed that proposals under the Sustainable Communities Act should be submitted to the Local Government Association by 31 July 2009. Through community engagement, proposals have been generated and are to be prioritised early next month. Under the new committee arrangements, the prioritised proposals would normally be considered by this Committee. However, because the timetable for the generation and prioritisation of proposals was established some time ago and does not tie in with the date of this meeting, it is not possible for this to happen this year.

b) Alternative Options

Councils do not have a legal duty to take part in the Act, but members chose to get involved because it was an opportunity for the Council and local communities to drive the action and assistance that central government can provide in promoting thriving, sustainable communities.

c) Risk Considerations

None.

d) Policy and Budgetary Considerations

Positive Impact Overall

Affordable Homes.

Thriving Economy.

Safe Environment.

Clean Environment.

Green Environment.

Recycling.

Young People.

Excellent Customer Service.

Inspirational Council.

Meeting our crime and disorder duties.

Meeting our Diversity and Equality duties.

e) Date for Review of Decision

An invitation to submit proposals under the Act is expected to be issued on an annual basis. In future, the proposals developed within the District will be considered by this Committee.

1 Main Body of the Report

1. What is the Sustainable Communities Act?

The Sustainable Communities Act received Royal Assent on 23 October 2007. The aim of the Act is to promote the sustainability of local communities.

The Bill was supported through Parliament and all of the main English political parties. It is the result of a five year campaign led by a coalition of organisations under the banner 'Local Works'. 'Local Works' name 90 national supporting organisations reflecting a very wide constituency.

The Sustainable Communities Act aims to promote the sustainability of local communities. It begins from the principle that local people know best what needs to be done to promote the sustainability of their area, but that sometimes they need central government to act to enable them to do so. The Act is intended to divert power and funding from central government to councils and local people to help them manage community issues at a local level and change things for the better.

The scope of the Act is very broad, covering economic, social and environmental issues. It does not limit the type of action that could be put forward, provided the action is within that broad scope. It is for local people to decide what they think needs to be done to promote the sustainability of their area. The Act required us to ask residents and groups in East Devon for proposals about what government could change to make communities more sustainable in East Devon, and put these proposals to local people for them to prioritise.

Councils do not have a legal duty to take part in the act, but members chose to get involved.

2. How we sought proposals

Anyone could suggest ideas and proposals. However, government expected most proposals to come from community or voluntary groups, local branches of national organisations, parish and town councils, neighbourhood forums, residents and tenants associations.

In May we sent out information (letters, leaflets and proposals forms) inviting proposals for the Sustainable Communities Act. The information was sent out to Town and Parish Councils, many voluntary and community



groups, East Devon Local Strategic Partnership members, the local media, Elected Members and staff. The information was also put onto the Council's website alongside an on-line proposal submission form.

When the proposals were submitted officers considered whether they were valid proposals. According to government all proposals had to meet three criteria:

- They must improve the 'sustainability' of the local community. 'Sustainability' is defined in very broad terms, and can cover anything to improve the economic, social, or environmental well-being of the area, or promote participation in civic or political activity. The act aims to encourage a broad range of ideas and not dictate the scope of proposals.
- Proposals must require action from central government, such as a change in legislation, a transfer of responsibilities from one public body to another, a new national policy or a change or strengthening of an existing policy.
- Proposals must be based within, or of specific relevance to, local communities.

3. How the proposals will be prioritised

The Sustainable Communities Act guidance states that a panel of local people is required to consider the merits of proposals and decide upon priorities between different proposals.

The valid proposals will, therefore, be presented to the Speak Now! residents panel at a special event in Honiton at the beginning of July. Speak Now! is a group of about 200 residents from all round the District, and any resident can join at any time. The panel members will be asked to vote for the proposals which they feel would most improve communities within East Devon and increase their sustainability.

The proposals that they prioritise will be presented to the Executive Board on 15 July with a recommendation for approval by the Council on 29 July so that they are submitted to the Local Government Association (LGA) by the national deadline of 31 July.

Members of the Committee are invited to attend the Executive Board meeting on 15 July to examine the prioritised proposals under consideration.

4. What happens next?

The final proposals from the Council will be sent to the LGA by 31 July 2009 for them to make the decisions on which proposals will go forward to the next stage.

The proposals from the LGA will be sent to the Secretary of State for final decisions to be made. The Act requires him to co-operate with the LGA 'and try to reach agreement' on proposals. The Secretary of State also has to publish reasons for decisions, to publish an action plan on how proposals will be implemented, and report to Parliament each year on progress being made under the Act.

Legal Implications

There are no legal observations.

Financial Implications

Background Papers

The Government has published guidance on the Act, for more information visit:



<http://www.communities.gov.uk/publications/localgovernment/sustainablecommunitiesact>

The Local Government Association has published guidance at:

<http://www.lga.gov.uk/lga/core/page.do?pageld=1293641>

Local Works is a coalition of over 90 national organisations and is campaigning to promote the use of the Sustainable Communities Act. Their website is: www.localworks.org

Jamie Buckley Ext 2769
Engagement and Funding Officer

Communities Committee
24 June 2009



Agenda Item 8

Overview and Scrutiny – Communities Committee

24 June 2009

SB/PL



Discussion paper and position Statement on the Delivery of new affordable housing in East Devon

Summary

The purpose of this paper is to provide an up to date position statement on the delivery of new affordable housing within East Devon. The report highlights the difficulties being experienced currently, identifies the obstacles to delivery, and proposes some solutions to the barriers faced when trying to increase the amount of affordable homes provided in the district. It is hoped that this report will stimulate discussion and influence a fresh approach to affordable housing delivery to overcome the barriers, which have depressed our output of new affordable homes in the past two years.

Recommendation

To consider the issues and options set out in this discussion paper and identify those appropriate to take forward, to be worked up in more detail and implemented.

a) Reasons for Recommendation

To increase the output of new affordable housing.

b) Alternative Options

A number of options are explored in the report to contribute towards achieving our corporate objective.

c) Risk Considerations

By not addressing some of the issues in the report we will likely fail to meet our affordable housing targets.

d) Policy and Budgetary Considerations

The policy issues are explained in the report. Budgetary implications dependent upon the options selected for implementation, if any.

e) Date for Review of Decision

The delivery of affordable housing needs to reviewed annually.

1.0 Background

- 1.1 As stated within our Corporate Strategy the provision of affordable housing is one of our corporate priorities.
- 1.2 The East Devon Corporate Strategy 2008 has set targets for the delivery of at least 200 affordable homes per annum across the district from 2008 to 2011, with an aspiration to deliver up to 300 a year in 2011 to 2015.

- 1.3 The findings of the Exeter and Torbay Strategic Housing Market Assessment 2007 supports a need for an affordable housing development programme in the short term (next 5 years) producing 1,250 new affordable homes over the period to meet all identified and forecast housing needs. We have approximately 4,300 households on our Housing Register seeking housing in the district. This is a barometer of housing need, however, we must recognise that many households on the Housing Register are not in urgent housing need or have registered because they anticipate a higher level of housing need in the future.
- 1.4 Providing affordable housing is a complex and sometimes slow process, which has been made harder by the current economic recession. It necessarily involves large sums of money, market confidence, willing and able housing partners, land, combined with a strong desire to deliver.
- 1.5 To meet our current affordable housing targets as stated in our Corporate/Housing Strategies, will require a fresh approach as traditional methods of delivery are not achieving the desired outcome.
- 1.6 During 2008/09 we have only delivered 9 affordable homes. In earlier years we have provided up to 62 new affordable homes.

2.0 Current Situation

- 2.1 The ability to fund affordable housing schemes with our own capital funding was reduced following the abolition of Local Authority Social Housing Grant and the introduction of the pooling of Housing Capital Receipts. We have been increasingly reliant upon enabling affordable housing through the planning system and accessing funds from the Homes and Communities Agency (formerly the Housing Corporation).
- 2.2 We have one officer dedicated full time to the provision of affordable housing (Housing Enabling Officer) with some support from the Housing Strategy Manager, the Head of Housing and Social Inclusion, and colleagues in other services. We have a small budget for consultancy advice (£3,000) and no capital budget to grant aid/part fund housing development. We have secured some external funding through commuted sum payments in lieu of affordable housing.
- 2.3 Traditional methods of delivering affordable housing through the Local Plan have proven inadequate to meet known housing need, particularly in the depressed housing market. We are concerned about the ability of the planning process to deliver the number of affordable homes required as the current system is dependent upon private sector housing development being progressed, and sufficient funding being made available to deliver affordable housing.
- 2.4 Current planning policies relating to affordable housing in the Local Plan 2006 are Policy H4 and Policy H5 (affordable housing on exceptions sites). We have interim Supplementary Planning Guidance on affordable housing that whilst not formally adopted, and a little dated now, has been useful in explaining our housing and planning policy position. This document is available on the Council's website.
- 2.5 Affordable housing development economics are such that developers will claim that they are unable to provide the high proportions of affordable housing we demand at 'knock down' prices. Registered Social Landlords (RSL's) can only pay what the rental income stream will fund in loans (mortgage). So public subsidy in the form of grant from the Homes and Communities Agency (HCA) is typically required to bridge the gap between what the developer is seeking to secure to make the development viable, and what the RSL can afford to pay for the new homes.

- 2.6 Housing and financial markets are in crisis. Well respected economic commentators had forecast significant falls in house prices which have since occurred nationally. There have been some recent signs of the market stabilising, but house builders have responded to the recession by shelving developments across the country and housing completion rates across the country are forecast to be at the lowest since the Second World War. Significant job losses in the construction industry have already been announced with forecasts of up to 100,000 direct job losses, representing a third of the sector.
- 2.7 We have the will to deliver affordable housing, and significant Homes and Communities Agency funding is available across the region, but the 'credit crunch' and flat housing market have resulted in developers selling or 'moth balling' sites, which means that the delivery of new affordable homes through the planning process is slowing down. As builders are not building, we are losing the ability to provide affordable homes through the developer's contribution of 40% affordable housing on all qualifying sites. This trend is evident across the country and is reflected in a major under-spend of the Regional Housing Pot administered by the Homes and Communities Agency.
- 2.8 We have evidence to show that landowners are reluctant to part with land, preferring to wait until the market picks up again, and site viability is difficult to achieve. Even where we have offered to contribute land for nil financial return, sites have proven not to be viable without a significant injection of public subsidy in the form of grant. Financial uncertainty also contributes to a scarcity of mortgages and developers are fearful of an inability to sell on their newly built homes.
- 2.9 Those developers that are building homes in the current market are advancing arguments to reduce their affordable housing contributions on the grounds that the burden of providing affordable housing adversely affects their development economics to a point where the development viability is compromised, so much so that development is unprofitable.
- 2.10 It is difficult to make even intermediate models (shared ownership) work, and if they are viable, they are typically beyond the financial reach of many in need, or mortgages are not available to potential purchasers.
- 2.11 The Council's prioritisation of affordable housing is a response to the significant shortage across the district. As levels of need are likely to increase and market conditions likely to worsen, it is important to focus on the actual implications of declining delivery. As in the last housing market crash, repossessions are rising and there is evidence that the private rented sector is also becoming less affordable with private rents forecast to rise.
- 2.12 There are significant implications for the Council's housing advice and homeless prevention services, as we anticipate a rise in households in high housing need approaching us for assistance. This additional pressure and requirement to meet our statutory housing duties will have cost implications for the Council.
- 2.13 It might, therefore, be argued that affordable housing delivery is more important now than at any time in the past.

3.0 Affordable Housing Delivery Forecast

- 3.1 East Devon's Housing Register has approximately 4,381 applicants seeking a home. We have 6 households with a priority card, 648 households in the gold band (urgent need for housing), 2392 in the silver band and 1335 in the bronze band.
- 3.2 As an Authority we are unable to meet this need and have not been able to achieve more than 62 new affordable homes in any single financial year over the last five years. Over the next two years we are currently expecting to deliver about 276 homes; however this is subject to planning, funding, slippage and the market conditions. The development programme is attached as annex 1 (and appears in Part B due to the sensitive business information contained therein).

- 3.3 We have an ongoing programme of Rural Housing Needs Surveys working in partnership with the Rural Housing Enablers and Parish Councils. Once the local need has been identified we turn our attention to identifying a suitable site. In a number of our rural areas we have identified sites. After a long and difficult search we have planning permission on a 20 unit site in Colyton and our RSL partner has just started on site. We have advanced rural schemes in several other areas, but delivery is never quick.
- 3.4 There have been some opportunities where we have been renegotiating the Section 106 contributions at the request of the developer/applicant and have reconsidered housing tenure, open space and education contributions to achieve a viable scheme in the light of current economic conditions.
- 3.5 We have seen one of the selected RSL partners pull out of Cranbrook and several other RSL's have signalled a reduction in development activity within the district. This is a worrying trend as we are reliant on RSL partners being the main providers of new affordable housing.
- 3.6 Government are currently making available grant from the Homes and Communities Agency direct to Local Authorities. In the 2009 budget £100 million is being made available for local authorities to build 900 council homes. This is a modest amount of funding and several larger authorities have indicated that they will bid for the whole pot. We have submitted our 'pre-qualification' paperwork and plan to bid for funding for a handful of development projects including two bungalows for the disabled in Sidmouth, the first direct development of homes for the Council's own stock for many years. If we are successful we would either need to employ an in house team of specialists, such as architects etc or more likely commission outside expertise. This work typically involves spending time working up development proposals, which for a variety of reasons are aborted incurring architects and consultants fees in the process. At the moment our RSL partners do this work 'at risk'.
- 3.7 There are many conditions placed on the funding of a council building programme and if we are successful this will supplement our RSL development programme, not replace it. As an Authority we have very little of our own land suitable for development remaining, but there may be opportunities to work with developers/land owners who are reluctant to work with RSL's. However, there is no certainty that funding will be available in future years.
- 3.8 The messages we have been receiving recently from the Homes and Communities Agency is that they have funds available for spending this year, but in future years they expect their programmes to be dramatically reduced because of public spending constraints. Not wishing to be overly pessimistic, but having regard to the development economic explained above we may find ourselves in a situation where opportunities come forward which can't be delivered due to the lack of public subsidy, and we are forced to lower our targets and aspirations.
- 3.9 We have been working closely with our Planning colleagues in an attempt to overcome delivery issues by creating the Virtual Affordable Housing Team. Work has been undertaken on an interim planning policy to help us respond effectively to the flat housing market. In addition, the team has identified a site in Exmouth that would normally fall outside our planning policy, but has the potential for 14 affordable housing units, and could be advanced in much the same way as the 'exceptions policy' does in rural areas.
- 3.10 We have considered a departure site recently where some years ago a developer approached us with a site that had many planning issues against residential development. As the developer was persistent we attempted to advise on how the site might be packaged to overcome some of the policy objections. The site had the potential to provide 104 affordable homes (70% of the housing on site), with an RSL involved, but would represent a significant departure from planning policy. The principle behind this application was carefully considered by the Development Control Committee who weighed up the planning and housing case and decided against the grant of planning permission. Notwithstanding

the planning issues, this site alone would have provided one year's supply of affordable housing or half of our Corporate Strategy target.

4.0 Barriers to the delivery of affordable housing

4.1 There appear to be many barriers that hinder the deliverability of affordable housing, such as:

- a) A reliance on affordable housing land supply coming through the planning system.
- b) Existing planning policy does not align with the current housing needs in East Devon.
- c) Lack of adopted supplementary planning guidance on affordable housing.
- d) Local Plan thresholds, housing schemes less than 15 and 5 in rural settlements don't provide affordable housing. Many developers successfully avoid these thresholds.
- e) Policies preventing cross subsidy schemes on rural exception sites.
- f) Financial viability, even providing land at nil value we still struggle to deliver.
- g) No real incentive for land owners to come forward with land.
- h) Difficulties in securing funding from the Homes and Communities Agency.
- i) Expectation that Cranbrook would provide a significant amount of affordable housing by now (Annual Audit letter was critical for our over reliance on Cranbrook).
- j) Many Housing Associations / RSL's and funders are being risk averse.
- k) Failing housing market, leading to a reduced level of housing development/investment.
- l) Unable to match fund or provide Local Authority grant to facilitate off -the -shelf property purchases, or contributions towards schemes.
- m) A few case studies below highlight the difficulties experienced when trying to progress affordable housing schemes.

- **Stowford Rise, Sidmouth** : This scheme is struggling to deliver 150 units of which 99 (66%) should be affordable homes. Even with EDDC land being provided at nil value the scheme viability is proving difficult, given the numbers we require and the standard to which new homes are to be built. We are hopeful of overcoming this issue by working closely with all partners to clarify costs and viability issues, securing HCA grant, obtaining a competitive construction tender and raising the land value to a positive position.
- **Sidford Cross, Sidford** : This 10 unit 'off the shelf' scheme, has currently stalled due to a funding gap of £350k. This gap is the difference between what the developer wants to achieve and what can be offered by the RSL using HCA grant. As an Authority we do not have sufficient capital funding to fill the funding gap. The RSL has explored the maximum levels of grant and its own funding.
- **Rural Scheme with Clinton Devon Estates**: This 14 unit rural scheme has again stalled due to a shortfall in grant funding. The original affordable housing model has had to change significantly due to the down turn in the economic market place. This down turn has had a knock on effect on shared ownership values compounded by the difficulties in securing mortgages. This has led to a funding shortfall of approximately £650k.

5.0 **Consideration of some options to increase affordable housing delivery**

5.1 If we are to overcome these barriers we are going to have to consider possible radical changes that include a long term funding commitment, a change to planning policy, creating an affordable housing team etc. Listed below are a number of ideas for consideration and discussion:

- a. Do we need to solve this problem or will it all sort itself out in time? Is waiting for the results of the LDF (2010) / SHLAA (2009/10) an option?
- b. Should we consider an interim planning policy that reflects the current planning delivery difficulties? This could be time bound to reflect the housing market and protect against any precedents being set.
- c. Do we need to commit more internal resources? A specific cross-directorate affordable housing delivery team perhaps? Or should we dedicate our Housing Strategy Unit to this work? Should we ring fence capital resources from the sale of housing land/assets for the provision of affordable housing?
- d. To bring forward land for development, should we consider a review of unimplemented and recently implemented planning permissions together with recently completed developments? The proposal is to approach owners to consider disposing of their sites for affordable housing development.
- e. Should we consider encouraging Rural Exception Site housing through incentives such as allowing one preferential plot per development? This could be a short-term 'amnesty' offered to land owners only for the next 12 months.
- f. Should we undertake formal cascading arrangements with Section 106 contributions so that we can use this planning gain across the district if it has not been used for development of affordable housing after the first 3 years of the agreement?
- g. Where site viability is a genuine issue, could we reduce our affordable housing threshold to encourage at least some new stock to be built?
- h. Why do we appear to support the delivery of affordable housing, but not to fund it, should we have a fund set up for this so that we could operate a Market Requisition Programme to buy suitable off-the-shelf properties and/or land.
- i. Should we consider holding an RSL summit to listen to and debate the barriers faced by the RSL's and plan together for the future?
- j. Are phased developments, where the affordable housing element of a scheme is brought forward and built first, to be welcomed, despite the problems around creating 'mixed and balanced communities'? Phased developments may be our only opportunity to secure delivery in the current climate. If so, should we set a maximum site size where such an approach is deemed suitable?
- k. Researching and importing good practice from elsewhere. Who is currently able to deliver affordable housing and how?

6.0 Conclusions

- 6.1 As a housing authority despite our best efforts we are failing to provide sufficient housing to meet known housing need. The Committee is requested to consider how best to proceed bearing in mind the comments, barriers and options identified in this report. The delivery concerns have been highlighted in the Service Transformation exercise with some ideas on how we might better resource the activity, to increase capacity and output.
- 6.2 At the moment everything we try in terms of affordable housing delivery seems to be failing or stalling, and we can't manage a 'step change' in output using traditional methods of delivering affordable housing. We have discussed our concerns with the HCA and the Government Office for the South West. Both partners were sympathetic, confirmed that other authorities were facing similar problems and offered their ongoing support. They were unable to offer us a solution, but confirmed that we were considering the appropriate options/questions to 'restart' the affordable housing development programme.
- 6.3 Some of the above initiatives may bring our output back to earlier levels in 'good' years of 60+ new affordable homes per annum. We might even achieve 100 new homes in a more buoyant housing market, but to achieve the Corporate Strategy targets we need to do see an improved market, increase our capacity and operate in a supportive policy framework. We would also need our larger strategic development sites (Cranbrook) delivering significant numbers of affordable housing.
- 6.4 A corporate response is required with contributions from external partners; if we are to achieve anything near the targets we have set for ourselves and meet the housing needs of our communities.

Legal Implications

There are no legal implications set out within the report.

Financial Implications

There are no financial implications at this stage but there may be significant implications in the future depending upon the resolution of this item. The delivery of the Council's priority of affordable housing must be weighed against the current severe financial situation.

Consultation on Reports to the Executive

None.

Background Papers

- EDDC Corporate Strategy 2009.
- EDDC Housing Strategy 2008-2011.
- Homes and Communities Agency Local Authorities: Bidding Guidance for Social Housing Grant.
- Local Plan adopted July 2006.
- Affordable housing in East Devon - Interim Supplementary Planning Guidance to the emerging East Devon Local Plan, July 2004.

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Housing Strategy Manager
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Housing Enabling Officer

Overview and Scrutiny – Communities Committee

24 June 2009

Future Meetings of the Communities Overview and Scrutiny Committee

1. Recognise the key Corporate Strategy items that the committee needs to address.
2. Recognise the key Local Area Agreement issues that would relate to this committee.
3. Ask for key issues from Champions requiring overview or scrutiny for Communities committee.
4. Ask for key issues from Portfolio holders that require overview or scrutiny.
5. Ask members of the committee, about the issues they would like to include.

Proposals for future agendas are:

- Review progress against relevant Council Corporate Strategy objectives.
- Reviewing the outcomes, and taking decision on next steps to tackle, from the Place survey.
- Review of the needs set out in Parish plans, and the Council's role in delivering against these.
- Tackling the outcomes from the Leaders Transformation group.
- Presentations from each of the relevant Champions on what gets in the way of delivering their local agendas and what practical help they need.
- Review of key messages from Neighbourhood assessments, and translation into recommendations.
- Council involvement in Health issues (a policy that is currently in draft).

Exclusion of the Public

The Vice-Chairman of the Committee to move the following:-

"that under Section 100(A)(4) of the Local Government Act 1972, the public (including the press) be excluded from the meeting as exempt information, of the description(s) set out on the agenda is likely to be disclosed and on balance the public interest is in discussing this item in private session (Part B)."

