

Item 8 - Affordable Housing Company

The attached report was considered by the Legal & Democratic Services Advisory Committee on 17 October 2017. The relevant Minute extract is below.

Legal & Democratic Services Advisory Committee (17 October 2017, Minute 16)

The Chief Officer of Communities and Business and Head of Legal and Democratic Services presented the report which sought authority to progress the proposal to set up an Affordable Housing Company. The report set out the need for such a company and explained the requirement for a sound business case to be developed and the likely company structure should a sound business case be proved. The Council transferred its social housing stock to West Kent Housing Association in 1989 and since that date had not had a housing revenue account. Therefore, the Council was not in a position to provide affordable housing or act as a social landlord in its own right.

The Housing Policy Manager advised that the Council's recent Local Housing Needs study demonstrated the imbalance of affordable dwellings and the greatest need. Affordable housing included social rented, affordable rented and intermediate housing. A potential funding source for the company, and an assumption used within the report was Section 106 (S106) funding. Ongoing management costs of the affordable housing company and its set up costs would be required to be found from elsewhere. It was anticipated that the Affordable Housing Company would complement current projects.

The Head of Legal and Democratic Services advised that the Council could incorporate its own affordable housing company and that various models existed for the relationship to the Council, including being set up as a 'standalone' company reporting to a Trading Board or being set up as a subsidiary of a new holding company. He advised that the most cost effective way to set up the company would be to follow the model of Quercus 7 including the appointment of the same Trading Board, Board of Directors and Secretary and to follow the same structures, policies and systems Quercus 7 had established. Specialist external advice was being sought to enable the business case to be developed.

Members discussed the report and asked questions of clarification. In response to questions Members were advised that the criteria for those who would qualify for the affordable housing and the value of the rent were issues that would be included in the consultants' brief Members asked that the figures provided for the amount of money received through affordable housing contributions be extended to the beginning of the scheme to show the complete picture.

Action1: Housing Policy Manager to provide the figures of monies received since 2011/2012 and when and where the money had been spent.

The need to balance the budget and social need was also discussed. Members were advised that the consultant would be able to provide further information in regards to different scenarios put forward. Members discussed meeting the consultant.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That it be recommended to Cabinet that it be recommended to Council that

- a) it is noted that expert external advice to develop a comprehensive business case to deliver Members ambition for the Council to develop its own affordable housing within the District has been commissioned;
- b) subject to a sound business case being established, the Head of Legal and Democratic Services is authorised to incorporate a standalone Affordable Housing Company first taking detailed advice and assistance from specialist external lawyers on the delivery model and set-up process;
- c) the broad governance and funding arrangements set out in this report are noted;
- d) delegated authority be given to the Portfolio Holders for Finance, Housing & Health and Legal and Democratic Services in consultation with the Chief Executive, Chief Finance Officer and Head of Legal and Democratic Services to settle the detailed arrangements for the establishment of the company; and
- e) in the event that a sound business case to deliver affordable housing through an affordable housing company cannot be established Officers report back to Members setting out further options to deliver on Members ambition to develop its own affordable housing within the District.