

**Meeting of Scrutiny Board (Regeneration) Working Group
Held on 16th January 2012 at 2pm in Committee Room 2, Civic Hall**

Inquiry to consider Affordable Housing by Private Developers

Present:

Councillor J Procter (Chair)
Councillor T Murray
Councillor R Pryke
Councillor P Grahame
Councillor D Collins
Mr George Hall, Co-opted Member

Others in Attendance

Councillor P Gruen, Executive Board Member, Neighbourhoods Housing and Regeneration
Ms M Gjessing (MG), Housing Investment Manager, Environment and Neighbourhoods
Mr M Sellens (MS), Head of Planning Services, City Development Directorate
Directorate
Mr R Mills (RM), Principal Scrutiny Adviser, Resources Directorate

Apologies

Councillor G Hussain , Councillor G Wilkinson, Councillor M Iqbal and
Councillor P Ewens. The following officers were unable to attend today's session
due to a Development Plans Panel meeting: Ms N Yunis (NY), Planning Policy,
affordable housing , City Development Directorate and Mr R Coghlan (RC), Planning
Team Leader, City Development Directorate

Substitute

Councillor P Grahame was attending the meeting as substitute for Councillor K
Mitchelle.

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| | | Action |
| 1.0 | Welcome, Introductions and Chair's Comments | |
| 1.1 | The Chair welcomed everyone to the meeting. He stated that the main purpose of this session was to consider the further information requested at the last meeting on the role of the City Development and Environment and Neighbourhood Directorates in the delivery of affordable homes in the city. | |
| 2.0 | Note of the Last Meeting | |
| 2.1 | The note of the meeting of the Working Group held on 9 th November 2011 on Affordable Housing and Private Developers was received as a correct record. | |
| 3.0 | Interim Recommendation by the Scrutiny Board | |
| 3.1 | It was noted that the Executive Board on 4 th January 2012 had re-considered the Scrutiny Board's interim recommendation on Affordable Housing to reinstate the 2008 affordable housing targets in relation to Greenfield sites. | |
| 3.2 | The Chair reported that the Executive Board had decided that the existing 2011 Interim Affordable Housing policy targets as agreed by Executive Board in May 2011 be retained. However it had asked that a monitoring report on the progress of the revised policy be received by the Board in Summer 2012. It also clarified that the implementation period is 2 years from the date of the decision to grant planning permission, subject to Section 106 obligations in order to secure the early delivery of affordable housing and that at the end of 2 years if not implemented, the percentage of affordable housing would revert to whatever the policy is at the time. | |

3.3 The Executive Board also highlighted the fact that those Greenfield sites which are granted at appeal with higher levels of affordable housing, and where lower levels of affordable housing is sought in accordance with the interim policy, regard is had to the content of the overall Section 106 package together with local priorities, in consultation with Ward Members and local communities.

3.4 Members stated that they were disappointed with this outcome and because of the seriousness of the situation would continue to raise their concerns with all Members of the Council.

3.5 Members made reference to the need to look more closely at the financial viability of developers delivering affordable homes in the city including the cost of building homes excluding abnormals e.g. land costs. Members also wanted to determine whether the Council's approach is robust enough in examining the financial viability of developments to require affordable homes to be provided. It was pointed out that this would be considered at the next meeting of the Working Group.

MG/MS

4.0 Additional Information Requested at the Last Meeting

(i) Greenfield Housing Appeal Sites

4.1 Members discussed a position statement with regard to Greenfield Housing Appeal sites in Leeds as at 7th December 2011. It was reported that since that date a number of other Greenfield sites had come forward where developers were pursuing proposals and applications.

(ii) Verbal Report on Habitability

4.2 Members received a verbal report on habitability in Leeds and discussed concerns that there is not a minimum build standard for affordable homes. Members referred to the fact that some new affordable homes particularly flats did not meet standards set by the Homes and Community Agency (HCA) although it was accepted that this happened infrequently.

4.3 The Working Group requested a copy of the design and quality standards used by the Homes and Community Agency.

MG/RM

4.4 Reference was made to the pressure on developers to reduce building costs and it was suggested that all Section 106 agreements for affordable homes should include a clause that requires developers to build to the HCA standard and that this be considered as a recommendation in the Scrutiny Board's final report and recommendations.

MS

4.5 The Working Group discussed the importance of having a mix of affordable homes within a development whenever possible.

(iii) House Prices

4.6 The Working Group received information on house prices and turnover by ward derived from the Leeds Neighbourhood index as an indication of the housing market across the city.

(iv) Leeds Homes Register

4.7 The Working Group considered a background paper on the Leeds Homes Register (LHR) by ALMO area.

4.8 Members noted that at 30th September 2011, there were 27,328 households on the LHR. These were broken down by categories of housing need. Over the last 5 years the number of new applications registered on the LHR has been on average 15,445 per annum.

- 4.9 The Working Group highlighted the fact that the majority of customers on the LHR are classed as having low or no housing need (85%). On 30th September 2011, 3,937 customers fell within the category of priority need (14%) with the remainder classed to be in low or no need.
- 4.10 Members noted that on 30th September 2011, 57% of households on the LHR require a one bed property, 29% a two bed property, 10% a three bed property and 3% a four bed or more property. This evidence directly contradicts the evidence given by developers during the Board's previous inquiry on housing growth that the main demand for homes in the city was for three, four and five bedrooms. Although it was felt that the large number of people on the council housing waiting list requesting 1 bed properties seems contrary to the developers' position that larger houses are needed, it was recognised that applications on the LHR are on the basis of housing need (i.e. a single person household is registered for a one bed) not what they would like. Many of these applicants will be low income households, perhaps elderly or forming as a result of relationship breakdown.
- 4.11 The Working Group made reference to the GVA report considered in the previous inquiry on housing growth and suggested that data may be inaccurate and outdated. MG agreed to check what it says about the need and waiting list data for social housing and come back to the Board if there are any issues of concern. MG

(v) Rent Levels

- 4.12 Members considered a background paper on rent levels in the city. The report gave an analysis of the differentials that exist between the affordable, social and market rents by ward. The analysis showed that both Council and housing association rents are consistent across the city, however market rents vary considerably.
- 4.13 It was noted that average Council rents were £65.00 per week and Housing Association rents £67.00 per week. Using an average price for all property sizes market rents in Roundhay for example were £157.00 per week compared with East End Park which were £98 per week.
- 4.14 Members discussed under this item and the LHR item the reasons why people wanted Council accommodation and clearly rental costs was an important factor in their decision making.

(vi) The Community Infrastructure Levy

- 4.15 Members noted a report of the Director of City Development on the Community Infrastructure levy in the Leeds context and consultation response to the Government's draft regulations for reform. This report was considered by Executive Board on 14th December 2011 which resolved
- (a) That the background information relating to the implementation of the Community Infrastructure Levy in Leeds be noted.
 - (b) That a Community Infrastructure Levy Charging Schedule be developed as a matter of priority, and that the necessary funding, as set out within paragraph 4.4.2 of the submitted report, be approved.
 - (c) That further work be undertaken in relation to all the concerns raised during the discussion, with a further report on such matters being submitted to the Board in due course.

4.16 The Chair referred resolution (c) of the Executive Board's decision and to the Scrutiny Board's recommendation that a "meaningful proportion" for local communities should be 80% of the CIL. It was important that a "meaningful proportion" should be pressed for as local communities will expect an equitable and transparent process which provides benefits to the community if they accept a housing development in its area.

RM

4.17 It was agreed that Scrutiny Board consider the further report to Executive Board on this matter in due course.

(vii) Commuted Sums Update and Methodology

4.18 The Working Group received a paper which provided a breakdown of commuted sums for affordable housing from private developers and set out the methodology as to how the commuted sum required for affordable housing is calculated.

4.19 Members expressed the view that developers do not shoulder the actual cost of affordable homes and continue to make a profit on these dwellings. The Chair stated that the next session will focus on financial issues and; in particular; whether the Council's approach is robust enough in examining the financial viability of developments to require affordable homes to be provided and identify building costs.

MG

(viii) Leeds City Council and Other Authorities - Approach to Benchmark Figures

4.20 Members noted that the approach used by Leeds City Council is set out in the 'Affordable Housing Policy Guidance Note Annex – Housing Needs Assessment Update – revision April 2011'. The annex is updated annually. A developer is expected to sell the agreed number of sub market and social rented affordable houses to a housing association at benchmark figures. This ensures the units remain in perpetuity. Members discussed the formulas used by Sheffield, Nottingham, Manchester, Kirklees and Bradford Councils which were detailed in the report.

4.21 The Working Group commented on the fact that Kirklees Council's social rent sale price for houses is £588 per metre² (maximum sale price of a developer to a Housing Association) and for flats £698 per metre² compared with Leeds of £520 per metre² for both houses and flats. A view was expressed that this differential was a barrier to the viability of affordable property in Leeds.

5.0 Stock and Quality Maintenance and Rent and Price Setting

5.1 Members received and noted a report setting out the Registered Providers' approach to maintaining the quality of their stock and to rent setting.

6.0 Next Meeting of the Working Group

6.1 Members and witnesses will be contacted regarding the date and time for the next session of this inquiry.