

Report of: Housing Scrutiny Committee

To: Executive Board

Date: 19th February 2007

Item No:

Title of Report : Affordable Housing Development Scrutiny Review - Final Report



Summary and Recommendations



Purpose of report: To present the findings of the Affordable Housing Development Scrutiny Review to the Executive Board.



Key decision: Yes

Portfolio Holder: Councillor Patrick Murray, Improving Housing Portfolio Holder

Scrutiny Responsibility: Housing Scrutiny Committee



Ward(s) affected: All



Report Approved by: Jeremy King, Legal Services, Dave Higgins, Finance and Asset Management



Policy Framework:



Recommendation(s): The Executive Board is asked to approve the recommendations set out below. A full explanation of each recommendation is included in the body of the report.



Housing Development Team –

1. The City Council's target to build 150 affordable homes each year is reviewed and assessed so that a more realistic figure of affordable unit completions is set. This new target should be based on robust evidence such as site availability, known development projects and an estimate on the number of windfall sites likely to come forward.

2. A site register should be developed by July 2007, with the Councils partners, Planning and Asset Management to help enable the affordable housing development process. This was also a HQN recommendation.

3. A representative from the Asset Management Team should be a member of the regular affordable housing working group meetings to provide guidance on site opportunities.

4. The Housing Development Team should facilitate quarterly RSL partnership meetings to get the most from the development partnership.

Planning –

5. The Housing Development Team should be involved in early pre-application discussions with planners to ensure that the Council requirements for affordable housing are agreed before negotiations are started with developers. The importance of affordable housing needs to be reinforced when applications come forward. The Housing Scrutiny Committee will revisit this issue in July 2007 to ensure that the working arrangements are working well.

6. An affordable housing framework / strategy should be developed in partnership with all internal teams involved in the function and RSL partners. This is a requirement for the Council's Housing Strategy and should be progressed. This should be taken forward by a high-level project board.

7. The Council should confirm whether S106 contributions can be used to fund affordable housing on sites where social housing previously stood. HQN recommended that this was clarified and the review group endorses this.

Council and Community –

8. Effort is made to ensure that the Housing Portfolio Holder and Chair of the Housing Scrutiny Committee are able to attend the affordable housing working group at least quarterly to be kept informed and influence the direction of affordable housing development.

9. Local councillors are informed in a timely manner of up coming housing developments in their ward to improve communication with local people.

RSL Partnership –

10. The Council should consider the need for the RSL partnership in its current form, based on the changes to the way grant funding is allocated by the Housing Corporation and the proposal for a countywide development partnership. The Housing Scrutiny Committee should receive a report back on progress in July 2007.

11. A cost benefit evaluation of the RSL partnership is carried out at the earliest opportunity looking at its development record and ways to tackle an

agreed set of challenges, such as addressing the issue of sustainable communities and housing need. The points made in the HQN review would be a good starting point for discussion.

Legal Services –

12. Legal Services should be involved at an early stage in affordable housing development work to help identify and resolve issues in a timely manner. The Housing Scrutiny Committee should monitor this and receive an update on this in July 2007.

Strategic Management –

13. The review group recommends allowing a period of monitoring before making further judgment on the current affordable housing development strategic management arrangements. Another available option, which could alleviate the burden on the Community Housing Business Manager's time, would be to allow him to employ consultants for negotiations on specific projects, where appropriate.

RSL Partnership Prospectus -

14. If, following an evaluation it is decided to maintain the RSL partnership, work is done to raise its profile with developers, including putting together an RSL partnership prospectus.

Affordable Housing Unit Completions -

15. The Council reports one affordable housing unit completion figure publicly. Previously it has reported two (sometimes different) figures.

16. The Council uses the Planning collection method to measure affordable unit completions. The Planners collect information from four sources to record completions and so is likely to be more accurate than the Housing Development Team method that uses one source.

17. To avoid duplication of effort, it should be the responsibility of one team to collect this data (the review group suggests Planning Policy).

18. The Planners and the HDT decide whether to net off affordable housing completions and report their decision to members. The key factor is that a consistent approach to monitoring is adopted.

Garage Sites -

19. The Scrutiny Committee feels it was an oversight not to keep members aware of the reasons for delays to the garage site developments, such as state aid and value for money considerations. In future, particularly with developments of interest to the Committee, members should be kept fully up to date with matters such as this as a matter of course.

1. Introduction

1.1 This report sets out the findings and recommendations of the Affordable Housing Scrutiny Review Group (Councillors Chris Scanlon, Gill Sanders and Altaf Khan). The group considered progress made in implementing the recommendations from the Housing Quality Network Review of the Council's internal affordable housing enabling function and RSL Partnership. The Housing Scrutiny Committee decided to carry out this review for the following reasons:

- Oxford has a serious shortage of affordable housing and around 800 homeless households in temporary accommodation.
- The difficulty the Council has had in meeting the target to deliver 150 affordable homes per year. The number of completions in 2005/06 initially reported to Housing Scrutiny Committee in May 2006 was 79. This figure was later revised to 161.
- It is considered important that members are clear as to what barriers there are in delivering affordable homes and what the Council can do to overcome them.
- It is important to follow up the recommendations made in the HQN review into Housing Development, to ensure that they have been implemented and to assess the impact on housing development in Oxford. There had been concerns that the recommendations had not been implemented in full.
- There was concern that the garage site redevelopments and other developments on City Council owned land (such as Rose Hill) haven't yet resulted in the developments anticipated.

1.2 As well as considering the recommendations from the HQN review, the review group looked specific areas in detail:

- The garage site developments (the Scrutiny Committee had been concerned that these were taking longer than originally anticipated).
- The exact number of affordable housing units delivered in Oxford in recent years (when putting the scope together, the review group had been given conflicting figures).

1.3 The full review scope is attached at Appendix 1.

2. Review Methodology

2.1 The review was split into three sections:

- Implementation of the HQN recommendations
- Progress on the garage site developments
- The number of affordable housing units delivered.

- 2.2 The implementation of the HQN recommendations was the primary focus for the review group.

a). Implementing the HQN Recommendations

- 2.3 The review group put together questionnaires for key people working on affordable housing development in Oxford plus those involved in the initial HQN Review. Questionnaires were tailored depending on the individual's role and involvement. Responses were received from nine of the eleven people contacted.
- 2.4 Interviews were also carried out to follow up on the questionnaire responses. Gill Leng, the HQN consultant who carried out the initial review, was interviewed, along with RSL partners and developers active in Oxford. This was considered important, especially to get their views on the effectiveness of the RSL Partnership. The key points made by those who participated in the review are set out in sections 4 to 8.

b and c). Garage sites and the number of affordable housing units

- 2.5 The work on the second two elements was carried out by the Scrutiny Officers, on behalf of the review group. Information was gathered from the Housing Development Team and legal services on the garage site developments. The Housing Development Team and Planning Policy Team were consulted on the number of affordable units completed. The review groups findings and conclusions are set out in sections 7 and 8.

3. Findings and Recommendations

- 3.1 The HQN review of the Council's internal affordable housing enabling function and the RSL partnership was carried out in early 2005. An edited version of the review report was presented to the Housing Scrutiny Committee in May 2005. The full report is available on request. At that time a commitment was made, and endorsed by the Scrutiny Committee, to establish an affordable housing working group, including members and officers, to implement the recommendations from the review.
- 3.2 From the evidence gathered it is clear that effort has been made to implement the HQN recommendations, but with varying degrees of success. Some recommendations have taken longer than anticipated to move forward. Some recommendations, particularly the long-term recommendations haven't been progressed at all. However, there is evidence that renewed effort has been made to implement the recommendations in the last 4 to 6 months. The review group welcomes this.

3.3 The involvement of elected members in the affordable housing development process and the appointment of somebody in a strategic role to oversee the function was found to be key. The HQN report identifies a lack of strategic direction that has been hampered by the management structure. This has been addressed, but not in the way the HQN recommended. To reflect the importance of affordable housing delivery a stronger role for elected members should be considered, through a project board with senior management and clear communication to ward councillors on individual developments.

4. Short Term Recommendations in the HQN Report

4.1 The majority of the recommendations in the HQN report were short-term, to be implemented within 12 months. They were split into 7 categories – Housing Development Team, Planning, Council and Community, Partnerships, Legal Services, Asset Management and Housing Services

4.2 Housing Development Team

4.3 The key recommendation for the Housing Development Team (HDT) was its movement to a different location that will:

- Allow it to focus on enabling affordable housing
- Ensure it is linked to the relevant strategic groups internally and externally
- Reflect the importance and role of the team in enabling affordable housing
- Ensure the team is performing; targets should be agreed and monitored

4.4 Three possible locations were suggested – Planning, Asset Management or Housing Services. As of the 1st December 2006, the team has been based in Community Housing. The hope is by basing the team with the other strategic housing functions, greater focus can be given to the affordable housing development role. This will be helped by freeing up the Housing Development Team leader's time by separating management responsibilities for housing development and addressing rough sleeping. The review group also hopes that the HDT can become more involved in regional groups on a strategic level as a result of this move. Evidence supplied to the review group indicated that attendance at regional forums has been patchy.

4.5 Now the team has moved into Community Housing, the review group would like to see evidence of agreed targets that the HDT will deliver each year, as well as plans to link in with relevant strategic groups. Although the 150 affordable housing units a year target is well known, based on questionnaire responses and interviews the review group believes that this is an arbitrary figure. The review group hopes that by

using a robust evidence base that a more realistic (and hopefully higher) target can be agreed and delivered.

- 4.6 There were a number of other recommendations made in relation to the Housing Development Team. It was recommended that a site register was developed, with partners, Asset Management and Planning. To date, this hasn't been completed, but work is ongoing in this area – for example, the HRA asset review. The review group would like a site register to be put together as soon as possible. An overview of development sites and sites that have development potential would be useful for the City Council to enable pro-active development. If RSL's were also prepared to sign up to this and include sites they are working on, this would give the Council a good overview of activity in Oxford. RSL participation may not be easy to secure because of the competitive nature of the development sector.
- 4.7 It was recommended that the HDT is involved in the HRA asset review. This work is just beginning and the HDT is involved, working on the option appraisals process for each site with RSL partners. The review group welcomes this and hopes that the HDT pushes for affordable housing where possible, recognising the conflicting demands between building more affordable housing and meeting the decent homes standard.
- 4.8 Other recommendations for the HDT have been implemented in part. A regular meeting with Planning and Legal has been re-established (This is known as the affordable housing working group). Hopefully this will result in better cross business unit working, and ultimately more affordable homes. The purpose of establishing formal communication channels between staff, as stated by HQN, was to discuss developments on a site-by-site basis, policy and procedure and future sites/opportunities. HQN recommended that a representative from Asset Management be included in these meetings to offer guidance on future sites and opportunities. There is a capacity issue for the Asset Management team that the Scrutiny Committee may wish to consider in more detail. This should be addressed.
- 4.9 Regular RSL partnership meetings are not taking place although a meeting was held in August 2006. That said the partnership has been successful in areas – for the period 2004/05 to 2007/08 £31 million of Housing Corporation Grant Funding has been secured by the partnership.

Recommendations

- The target of 150 affordable homes is reviewed and assessed so that a more realistic figure of affordable unit completions is set. This new target is to be based on robust evidence such as site availability, known development projects and an estimate on the number of windfall sites coming forward.

- A site register to be developed by July 2007, with the Councils partners, Planning and Asset Management to help enable the affordable housing development process. This was also a HQN recommendation.
- A representative from the Asset Management Team should be a member of the regular affordable housing working group meetings to provide guidance on site opportunities.
- The Housing Development Team to facilitate quarterly RSL partnership meetings to get the most from the development partnership.

4.10 Planning

- 4.11 The second area where a number of recommendations were made was planning. One of the most crucial was that one officer became the point of contact for affordable housing development on a day-to-day basis. It was recognised that there was an issue here, and that joint funding from Planning and Neighbourhood Renewal has resulted in an appointment to fill this role, the Senior Planner (Housing Negotiations). The review group is encouraged by this.
- 4.12 The role of the Senior Planner (Housing Negotiations) will be to work with developers, the HDT, legal and other stakeholder to enable affordable housing developments. The review group believe that the weaknesses identified by HQN in their review (such as HDT being contacted at various stages of the planning process, failing to agree a common stance on affordable housing requirements before negotiating with developers etc) will be addressed by this appointment. It is hoped that involving the HDT at an early opportunity in the planning process and agreeing what is wanted from developers before the pre application meeting, becomes routine. If the HDT isn't involved in the first pre-application meeting with developers, but other planning requirements are discussed, it could leave the developer with the impression that affordable housing is not a central concern. The review group recommends that the Scrutiny Committee monitor this and revisit this issue in six months.
- 4.13 Other planning recommendations have also been progressed. The Council has an Affordable Housing Supplementary Planning Document, which sets out requirements for numbers and mix of affordable units from developers. Standard S106 agreements have been drawn up and are being used.
- 4.14 Currently the Council does not have an Affordable Housing Strategy or framework that all unit's involved in enabling affordable housing development and RSL partners have signed up to. Some teams have their own documents, such as the affordable housing SPD. Preparing this framework is a priority for the re-established affordable housing working group, and also a requirement within the Council's Housing

Strategy. The review group would like this to be completed as soon as possible.

- 4.15 Planners are firm in their view that S106 funding can only be used to deliver additional units, and not replace affordable housing units. HQN felt that the reasons for this needed to be clarified. The review group endorses the view of HQN.

Recommendations

- The Housing Development Team should be involved in early pre-application discussions with planners to ensure that the Council requirements for affordable housing are agreed before negotiations are started with developers. The importance of affordable housing needs to be reinforced when applications come forward. The Housing Scrutiny Committee will revisit this issue in July 2007 to ensure that the working arrangements are working well.
- An affordable housing framework / strategy should be developed in partnership with all internal teams involved in the function and RSL partners. This is a requirement for the Council's Housing Strategy and should be progressed. This should be taken forward by a high level project board (see below – Council and Community).
- The Council should confirm whether S106 contributions can be used to fund affordable housing on sites where social housing previously stood. HQN recommended that this was clarified and the review group endorses this.

4.16 Council and Community

- 4.17 The focus of the recommendations in this area was on establishing an affordable housing working group to develop a stronger role for elected members and senior management in the enabling process. In the words of one respondent this has been an “embarrassing saga”. An affordable housing working group was established, involving members and chaired by the Strategic Director for Housing, Health and Community. However, between April and October 2006, the group did not meet. Since then the group has been meeting fortnightly, but largely without member attendance.

- 4.18 Whilst officer working groups are essential (the re-established Legal, Housing Development and Planning meeting to facilitate the enabling function for example), a group involving members and senior management and possibly RSL partners is also important, so that an overview of the enabling function and partnership is maintained and that crucial policy decisions are taken at the highest level. The review group is clear that they do not want members to manage the process, but that they should be kept informed of key developments. The review group believes that quarterly meetings would be adequate to keep a watching brief on affordable housing development. The review group is

encouraged that the working group has been re-established, but was disappointed that it petered out to begin with.

- 4.19 The Scrutiny review group believes that the failure to devote time to the working group is one of the reasons that the HQN recommendations haven't be implemented in full. It is hoped that the re-established group can ensure that they are implemented as soon as possible. Effort should be made to ensure key members (the Housing Portfolio Holder and Scrutiny Committee Chair) are able to attend at least once a quarter.
- 4.20 The high level of public interest in planning applications and development sites in all parts of the city needs consideration. Local ward councillors should be informed when there are potential developments coming forward in their ward so they are in a position to update local people if questions arise. The experience of the review group is that this has been mixed in the past.

Recommendations

- Effort is made to ensure that the Housing Portfolio Holder and Chair of the Housing Scrutiny Committee are able to attend the affordable housing working group at least quarterly to be kept informed and influence the direction of affordable housing development.
- Local councillors are informed in a timely manner of up coming housing developments in their ward to improve communication with local people.

4.21 Partnership

- 4.22 Of the short term recommendations suggested by HQN, it is those referring to the RSL partnership that have been progressed least based on the evidence given to the review group. HQN recommended that the existing partnership was maintained on the basis that it achieved the objectives set in its commissioning brief, but also set out a number of tasks that needed to be done to strengthen the partnership and allow it to mature.
- 4.23 The review group received conflicting answers to some of the questions it asked about the partnership. Certainly an evaluation of the development performance of the partnership has not been completed. There also appears to be confusion around the main challenges for the partnership. The review group was told the main challenges that had been identified by Council officers. These were:
- Whether a countywide or sub regional partnership will be set up and whether it will work;
 - Maintaining development standards at the same time grant levels are being cut;

- Increasing competition from non partner RSL's who may not be prepared to make the same commitment to sustainable communities;
- Fear that the focus on enabling in local authorities maybe diluted.

Interestingly, the RSL partner who replied to the questionnaire sent out by the review group did not echo the officers response setting out a different key challenge – that the Council had identified a lack of strategic focus on housing.

- 4.24 There also appears to be uncertainty around issues such as affordable homes / additionality and sustainable communities against housing need. Interestingly, the review group was told that developers are starting to ask for local lettings plans on the grounds of sustainable communities, indicating that there maybe an effect on the value of developments if the Council's letting policy is followed in all cases.
- 4.25 Based on the evidence received, the review group recommends that the partnership meet to work through the points made in the HQN review and agree a way forward. That said this could be an opportune moment to reconsider the development partnership as a whole. The Housing Corporation has given mixed messages about the role of local authorities in enabling affordable housing. Grant is being given direct to RSL's and also private developers. Is there still a role for a development partnership as established in Oxford? Developers are also able to choose the RSL partner they want to work with.
- 4.26 Another factor that needs to be considered is the countywide development partnership. The review group has been told that Oxfordshire local authorities and RSL's are moving towards this idea. This partnership may negate the need for a city partnership. Any consideration of the city partnership should be made with this in mind.

Recommendations

- The Council should consider the need for the RSL partnership in its current form based on the changes to the way grant funding is allocated by the Housing Corporation and the proposal for a countywide development partnership. The Housing Scrutiny Committee should receive a report back on progress in July 2007.
- A cost benefit evaluation of the RSL partnership is carried out at the earliest opportunity looking at its development record and ways to tackle an agreed set of challenges, such as addressing the issue of sustainable communities and housing need. The points made in the HQN review would be a good starting point for discussion.

4.27 Legal Services, Asset Management and Housing Services

- 4.28 Three recommendations were made by HQN relating to Legal Services, Housing Services and Asset Management. The review group

did not spend a great deal of time looking into these recommendations, as other areas were considered more relevant to the review.

- 4.29 One issue that the review group did explore concerned Legal Services involvement in development work. Involving Legal services early on in development work to identify potential issues is key, and the review group has learned that this hasn't always been the case. Legal have identified issues with a project at the Committee report stage. This is frustrating for officers and members, but early involvement and a good understanding of schemes from their inception would hopefully mean that issues are identified and resolved early on. Legal Services agree with this view. The review group hopes that steps are taken to reduce problems of this nature. The LPH meetings should go some way to addressing this.

Recommendations

- Legal Services are involved at an early stage in affordable housing development work to help identify and resolve issues in a timely manner. The Housing Scrutiny Committee should monitor this and receive an update on this in July 2007.

5. Long Term Recommendations in the HQN Report

- 5.1 HQN made a series of recommendations to implement within 12 to 18 months of their review. Again, a number of the long-term recommendations haven't been taken forward in the way that HQN intended. In some cases, decisions have been taken not to implement the recommendations.

5.2 Strategic Role

- 5.3 HQN recommended that a strategic lead role be developed to oversee the supply of affordable housing and to work at a senior level with developers and RSL partners, increase the profile of affordable housing and open up development opportunities. It was felt that this should happen based on the success of the short term recommendations. The review group followed up this idea in their interview with Gill Leng from HQN. She felt that an overall lead officer responsible for affordable housing was important. The Council did not have a single individual responsible for taking the lead on this issue, with different business units working on elements of the enabling function. She felt that the appointment should be made from outside the Council, preferably someone from the development sector who knows what developers want and has widespread knowledge and good contacts within the industry. A role of this type is common within Beacon Council's and would strengthen the Council's position in negotiations.

- 5.4 In this context, the review group noted with concern the appointment of a business unit manager (the Community Housing business manager, Graham Stratford) to this role who, whilst well placed to perform his duties, would nonetheless suffer multiple, competing demands on his time. As was admitted to the review group, 50% of the manager's efforts are likely to be diverted from affordable housing to other duties. The HSC is therefore advised to remain mindful of the risk of losing of strategic focus in this key area. (This is the same risk, identified by the HQN report nearly two years ago). The committee will be aware that it will retain the option to recommend that Council appoints a dedicated strategic officer to work exclusively on affordable housing, as originally intended.

Recommendation

- The review group recommends allowing a period of monitoring before making further judgment on the current arrangement. Another available option, which could alleviate the burden on the Community Housing Business Manager's time, would be to allow him to employ consultants for negotiations on specific projects, where appropriate.

5.5 Outsource Legal Services

- 5.6 The HQN review recommended that the housing development aspect of legal services be outsourced to ensure prompt turnaround of developments, ensure that the Council has access to a housing development specialist and that their appreciation of the partnering agenda. A decision has been taken not to do this and Legal Services has been re-organised since the HQN review took place. The review group has no issue with this, as long as legal are involved in development projects in a timely manner. This should also be monitored by the Scrutiny Committee.

5.7 RSL Partnership Prospectus

- 5.8 HQN recommended that an Oxford RSL partnership prospectus was put together to help raise the profile of partners in Oxford, Oxfordshire and with developers. To date this has not happened, but as mentioned above, the review and evaluation of the partnership has also not taken place.

Recommendations

- If, following an evaluation it is decided to maintain the RSL partnership, work is done to raise its profile with developers, including putting together an RSL partnership prospectus.

6. Barriers to Affordable Housing

- 6.1 The review was interested to know what people perceived to be the main barriers to affordable housing development in Oxford. The views given to the review group were interesting and some are very much within the scope of the City Council to fix.
- 6.2. Internal Communication and Co-ordination – This issue has been addressed elsewhere in the report. The review group is optimistic that steps have been taken to address this and hope in future that communication and co-ordination won't be a barrier to enabling affordable housing. It is recommended that this issue is monitored by the Affordable Housing Working Group and difficulties reported to Housing Scrutiny Committee. In any event, the review group believes that when the Scrutiny Committee comes to revisit this issue, efforts are made to contact RSL's and developers to see if they think improvements have occurred within the council.
- 6.3 Lack of sites in Oxford – Lack of development sites within the city is a long-standing problem and one that requires a radical solution. The Scrutiny Review scope didn't include an examination of potential development sites in addition to those already identified. However, the Oxford Strategic Partnership had set up a review into affordable housing in Oxford. The LSP review was to look at the wider affordable housing problems in Oxford, not just the City Council's affordable housing enabling function. The LSP review has taken longer than expected to begin, but work is due to start with an aim to finish in late summer 2007. The review group hopes that the LSP group considers potential development sites in and around the city with an open mind.
- 6.4 Planning Consent – An informed and interested local community can be an asset to any Council, but in some cases objectors can cause delay to development projects. The Trap Grounds is an extreme example of this. Managing local interest so that communities are part of the process, rather than seen as a barrier to development is important. The earlier potential conflicts are identified the better so that solutions can be proactively reached. Involving ward councillors, or at least informing them of developments at an early stage could help with this. The experience of the review group is once an application is being discussed at area committee it is often too late to resolve differences amicably.

7. Number of Affordable Housing Units Completed in 2005/06

- 7.1 The review group wanted to clarify the number of affordable housing units developed in Oxford in 2005/06, and years previous. When scoping the review, the review group was given conflicting figures by the Housing Development Team and the Planning Policy Team and it was felt that this should be investigated. The Housing Development Team originally reported 79 affordable housing unit completions in 2005/06, compared to 218 reported by Planning Policy.

7.2 The Planning Policy Team records the number of affordable housing completions in each year (from 1st April to 31st March). This figure is published in the Annual Monitoring Report. There are four checks in this process:

- Site visit and discussions with the site manager
- Discussions with agents
- Building control records
- Discussions with the RSL's

7.3 Completions are checked after 31st March each year. This process can take a few months, as each site where there has been development during the year is visited (whether there are affordable housing units on the site or not). To use a simple example, planners visit a development of 15 houses, 7 of which are affordable housing. If all the houses were completed prior to 31st March they are included in the planners records. Any houses completed after this date will be included in the following years count.

7.4 The planners record the date of building completion (i.e. the date a home is ready for somebody to move into), not the date of occupation. They also record the net number of completions, rather than the gross number. For example, on the site at Thrift Place, four affordable flats were redeveloped to make way for two affordable houses. Planning record that as a loss of two affordable dwellings. It should be noted that a net loss of affordable housing by redevelopment is rare.

The number of affordable housing developments since 2001/02 is*:

Year	Affordable Housing Units
2001/02	71
2002/03	46
2003/04	141
2004/05	186
2005/06	167
Average	122

The split between social rented and share ownership units in 2005/06 is 112 social rented and 55 shared ownership.

** These figures do not include key worker housing. The City Council counts key worker dwellings separately from affordable dwellings. This is not the case in other authorities, but in Oxford key worker dwellings are unlikely to be affordable to those on the housing register and therefore, not meeting the need of those in greatest need.*

7.5 The final figure of 167 has been revised from 218, the figure originally given to the review group by Planning Policy. The Housing Development Team and Planning Policy have arrived at the figure of 167 together, comparing records.

- 7.6 There are differences in the way that the two teams record completions. Planning uses a process that has four different checks to ensure that the figure is as accurate as possible. The HDT obtains its figures from RSL's, which record a unit as completed when it is in a suitable state to be let. The team does not have the capacity to do the site checks carried out by Planning. Communication with RSL's can be difficult and so this information isn't always easy to collect. The HDT also don't net off completions (see Thrift Place example above).
- 7.7 The amount of housing completed is never consistent on a year-by-year basis. With new policies gradually introduced over the years, the trend inevitably shows peaks and troughs. There could well be a decline in the amount of affordable housing from windfall sites over the next few years as developers get used to the new, and more stringent affordable housing policies. Developers won't be able to offer as much for land as they could do in the past in order to make a profit. This is likely to result in landowners not wishing to sell their land, as they may not obtain the price they were expecting. There has been a fall in the number of planning applications for more than 10 residential dwellings since the introduction of the planning policy requiring 50% affordable housing on sites of 10 or more units. However, planners believe that this will be temporary and eventually housing completions should gradually start to increase again. The scrutiny committee should keep an eye on this trend.
- 7.8 The affordable housing completion figures are published in at least two public documents – the Council's HIP Return (HDT figure) and the Annual Monitoring Report (Planning's figure). Whilst accepting that over time, the numbers reported by Planning Policy and the HDT would balance out, it is important the Council releases one figure publicly to ensure consistency, avoid confusion and duplication of effort.

Recommendations:

- The Council reports one affordable housing unit completion figure publicly.
- The Council uses the Planning collection method to measure affordable unit completions. The Planners collect information from four sources to record completions and so is likely to be more accurate than a method that uses one source.
- To avoid duplication of effort, it should be the responsibility of one team to collect this data (the review group suggests Planning Policy).
- The Planners and the HDT decide whether to net off affordable housing completions and report their decision to members. The key factor is that a consistent approach to monitoring is adopted.

8. Garage Sites

- 8.1 The Housing Scrutiny Committee is interested in the progress of the garage site developments. As part of the review, it was agreed to consider the reasons why the garage site developments had taken longer than anticipated. The review group asked the Scrutiny Officer to look into this issue. The following reasons have been put forward as causes for the delay to the garage site developments:
- 8.2 State Aid problems - Legal Services questioned whether the Council could give resources (in this case, land) to another organisation (such as an RSL) at zero cost, without being challenged under competition laws. Oxford was not the only Council in the UK to ask this question as the issue was highlighted in legal circles. The development at Rose Hill was the catalyst for this query, but the garage sites are being developed on the same basis and so were also effected. This question was raised in the autumn of 2004, but members of the Housing Scrutiny Committee weren't informed that this had ever been a problem. The review group has also been given conflicting answers as to how long a delay this caused before the go-ahead was given to carry on with the developments. Whilst the state aid problem did cause some delay, it is hard to say with certainty how long.
- 8.3 Value for money – The Council asked the District Auditor whether disposal of the garage sites at nil value in exchange for the development of affordable housing provided value for money. The Council has to ensure that it achieves value for money when it disposes of assets. Again, clearance to continue took some months to come through.
- 8.4. Negotiating developer contributions – Phase 2 of the garage site project is reliant on developer contributions obtained via S106 agreements. Negotiating the release of these funds has taken some time as planning needed to be convinced that the developments provided additional affordable housing. Funding was eventually negotiated by splitting two sites (Holland Place and Dynham Place) from the rest of the sites in phase 1 and developing them with £400,000 of developer contributions. £600,000 has gone into phase 2.
- 8.5 Splitting the sites into two phases – The garage sites were originally packaged as one large development opportunity, but in order to speed up the process the sites regarded as easiest to develop were packaged as phase 1, the sites that were harder to develop, phase 2. Although the decision to split the sites seems logical, in the event, it caused difficulties as two schemes were subject of separate committee reports, needed to be given separate clearances, both of which added to the time taken to start the developments.
- 8.6 The key issue for members to consider is that the garage sites are small pieces of land that in many cases do not lend themselves to easy development. Things that could have made the process easier include a protocol for garage sites would have been the most useful. Things

have changed subsequently but when this project began sites came forward on the assumption they could be developed without a thorough appraisal of their suitability. This has had a number of knock on effects, such as sites being included in the scheme, withdrawn to be used as garages after it had been appraised by Warden, and then included again (Kersington Crescent). Money set aside to clear garage sites would also have helped in appraising the sites for suitability at the beginning of the project.

- 8.7 There are also different ways in ensuring development takes place. The sites could have been packaged and sold on the open market to developers. The Council would have received a capital receipt (which probably would have been spent on decent homes work), but probably wouldn't have achieved the same level of social housing. However, if the sites had been sold to developers, they would have had a financial interest in making sure that housing was built as soon as possible. The likelihood is that the garage sites would have been developed sooner if they had been sold.
- 8.8 The Council could also have tendered the sites to development partners with planning permission granted. This probably would have meant that some sites would have been solely affordable housing, while others solely for sale (to cross subsidise the affordable units). This method is also unlikely to achieve the same level of affordable housing as the method chosen.

Recommendations

- The review group feels it was an oversight not to keep Housing Scrutiny Committee aware of the reasons for delays to the garage site developments, such as state aid and value for money considerations. In future, particularly with developments of interest to the Committee, they are kept up to date with matters such as this as a matter of course.

9. Conclusions

- 9.1 The purpose of the affordable housing scrutiny review was to consider how the recommendations from the HQN review had been taken forward. The review group is clear that not all recommendations have been progressed as quickly as they should have been, but are encouraged that progress that has been made recently to move things forward.
- 9.2 Meeting Oxford's affordable housing need is a considerable challenge. The Housing Need survey carried out in 2003 stated that Oxford needed between 1700 and 1800 affordable homes each year to meet demand. At present around 10% of this figure is being developed each year in the city. Removing barriers within the council, such as improved communication between teams or inherent barriers in our policies, will

help to improve the development process. But clearly a step change is needed if Oxford is to meet its affordable housing need. The review group believes a good first step will be implementing in full the HQN recommendations. The Housing Scrutiny Committee should follow up progress in July 2007.

Name and contact details of author:

Andrew Davies, Scrutiny Officer – on behalf of the Housing Scrutiny Committee

Tel: 01865 252433

Email: adavies@oxford.gov.uk

Background papers:



Appendix 1

Housing Development Scrutiny Review – Scoping Document

Review Topic:	Scrutiny review into the Council's approach to housing development.
Lead Member Review Group:	To be decided at the Housing Scrutiny Committee on 4/7/06.
Officer Support:	Andrew Davies, Scrutiny Officer and Ben Smith, Strategic Support Officer. Tel: 01865 252433 Email: adavies@oxford.gov.uk
Rationale: (key issues and / or reason for doing the Review)	<p>There are a number of reasons for carrying out the review at this time:</p> <ul style="list-style-type: none">• Oxford has a serious shortage of affordable housing and around 800 homeless households in temporary accommodation.• The difficulty the Council has in meeting its target to deliver 150 affordable homes per year. The result reported to Housing Scrutiny by the Housing Development Team in 2005/06 was 79. The average number of affordable housing developments per year since 2001/02 is 119.• It is important that members are clear as to what barriers there are in delivering affordable homes and what the Council can do to overcome them.• To follow up on the recommendations made in the HQN review into Housing Development, to ensure that they have been implemented and to assess the impact on housing development in Oxford.• Concern that the garage site redevelopments and other developments on City Council owned land haven't yet resulted in the developments anticipated.
Purpose of Review/Objective (specify exactly what the Review should achieve)	<p>The purpose of the review is:</p> <ul style="list-style-type: none">• To establish the extent to which the recommendations from the HQN review into housing development in Oxford were implemented and the impact this has had on delivering 150 affordable homes per annum.

	<ul style="list-style-type: none"> • To establish what the barriers are to delivering 150 affordable homes per year, and how these barriers can be overcome and the City Council's role in that. • To establish why the garage site redevelopments are yet to begin. <p>It is important that this work doesn't duplicate the proposed review into affordable housing that the Local Strategic Partnership intends to carry out. Early contact will be made with this group to ensure that duplication is avoided.</p>
<p>Indicators of Success (what factors would tell you what a good Review should look like)</p>	<p>The aim of this review is to publicly hold to account the Council following a commitment to implement a number of recommendations from the HQN review and deliver 150 affordable homes per year. Key indicators of success will include:</p> <ul style="list-style-type: none"> • Evidence that the HQN recommendations are being implemented and that they are having a positive impact on the delivery of affordable housing. • If recommendations are not being implemented, a renewed commitment to do so, with firm milestones in place to monitor progress and outcomes. • If the HQ recommendations are not having a positive impact, what else could the Council do to ensure more affordable homes are built. • Evidence that at least 150 affordable homes will be delivered in Oxford each year over the next 3-5 years, including completed garage site developments and developments on other sites in the city. • Recommendations to the Council's executive that will assist in the delivery of more affordable homes.
<p>Methodology/ Approach (what types of enquiry will be used to gather evidence and why)</p>	<p>The review group will have to revisit the HQN recommendations to establish the lines of enquiry. This will be a desk-based exercise, putting together outline questions in order to establish the effectiveness of the housing development arrangements and the follow up to the HQN review. It might be useful to involve HQN in this work. This is something for the review group to consider.</p> <p>Expert advice is going to be important to ensure that this work adds value for the Council. Housing development is a</p>

	<p>complex field and therefore the Committee may want to try and use expert help with the review. There is a Scrutiny budget that could be used to pay for this assistance.</p> <p>The review will be run via a series of interviews with the key people involved in housing development within the City Council.</p> <p>The review group may also want to consider how other local authorities deliver affordable housing, possibly looking at neighbouring authorities or in places with similar problems to Oxford.</p>		
<p>Specify Witnesses/ Experts (who to see and when)</p>	<ul style="list-style-type: none"> • HQN • Strategic Director, Housing, Health and Community • Business Manager, Neighbourhood Renewal • Steve Northey and Stuart Moran, Housing Development Team • Business Manager, Planning Services • Officers from Planning Policy Team • Planning Solicitor • Portfolio Holder • RSL Partners • RSL's not in the Development Partnership • Tenants 		
<p>Specify Evidence Sources for Documents (which to look at)</p>	<ul style="list-style-type: none"> • HQN Review Report • Garage site development plans • S106 agreements • Planning policies relating to affordable housing 		
<p>Specify Site Visits (where and when)</p>	TBC		
<p>Projected start date</p>	4 th July 2006	<p>Draft Report Deadline</p>	6 th Oct 2006
<p>Meeting Frequency</p>	TBC.	<p>Projected completion date</p>	13 th Nov 2006