

Action By

- no-one was selling land that did not absolutely have to.

At present he was only buying land which met specific criteria:

- (a) grant funding was available;
- (b) the price was below a certain level; and
- (c) planning permission could be 'easily' obtained.

In relation to (c) he explained that it cost about £20,000 to apply for planning permission because of the surveys and supporting information required by the Local Planning Authority. These costs meant he was only looking at sites which would support 25 plus units – it was not viable to put in for sites with lower numbers.

A problem faced by current development was the lack of mortgages available. Presently there were only two lenders (Halifax and RBS) for shared ownership mortgages. The stagnation of this sales market was affecting money flow.

Exceptions sites were particularly difficult to fund as banks saw them as a sub-prime product.

Broadland Housing Association was now building about 130 houses per year, down from 175 previously, because of the lack of funding available and business capacity within the organisation. Such reduction in numbers was similar at other Housing Associations.

Andrew then went on to discuss S106 agreements and the financial contributions and commuted sum payments which came with them. He said that local authorities would need to look at their priorities. Housing associations could not develop if a site was not viable. They had to balance the costs against a finite rent figure which could not be increased. The impact of a growing shopping list on sites was making them much less attractive to develop.

Although ideally affordable housing within a S106 should not require grant funding, in the present climate none would be built without funding. Funding was available for large regeneration schemes, such as in Thetford. It was more difficult to get grants for building in rural locations.

A Member asked if grants being given for S106 sites would encourage land owners to hold out for a higher price. Andrew agreed but said it was a Catch 22 situation.

He suggested that local authorities would need to speed up the S106 process and to agree a district wide policy on which financial contributions were required based on a site by site basis.

Developers wanted to know where the money was going and wanted the option to do the works themselves, such as highway improvements, rather than pay contributions. It was not the case that a developer could undertake these things any cheaper than other agencies partnered to do so. At present there was no flexibility in the system to allow this.

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He concluded his presentation by saying that the housing associations had no confidence to build and that finance was very restricted.

The Council's Strategic Housing Manager said that local authorities still had to work within the planning framework and that 35% of affordable housing was required on all sites. The real challenge was to get these schemes delivered. A policy had to be developed that was fit for purpose and future-proof. If figures were worked out on a site-by-site basis there would need to be a way to ensure that if the market improved, the contribution would increase.

She also suggested that as the Council had land assets and money it had the potential to provide mortgages.

Andrew said that the possibility of local authorities providing mortgages was a great idea, but had not received support when discussed at a recent LAA meeting in Norwich.

Personally he thought that such a scheme would give confidence to local people and developers. It would also give a useful return on the Council's money – better than current bank rates.

On the question of policy, Andrew said that flexibility was key and local authorities had to be prepared to negotiate on priorities. He agreed that each site needed to be considered individually.

A Member asked how one policy could fit all? Andrew agreed that this was difficult. He said there was a stigma attached to social housing and it was important to address this through the policy. The housing had to be built where it was needed and it had to fit in with its surrounds. Design was important but this was limited by cost. Andrew suggested it might be necessary to provide grants to achieve better delivery and design. Improvements to build quality, sustainability and appearance all cost more money. It was a real problem and he acknowledged that it would not be an easy task to write the policy.

A Member suggested that there might be a case for a design grant to keep quality high, or an uplift grant to attain a higher Sustainable Code level.

Another Member asked if the Council could build and hold its own housing stock. The rules had changed and this was now a possibility.

The Strategic Housing Manager had been contacted by the HCA and she had confirmed that Breckland was interested in building its own units. A bid round was coming up at the end of October.

The way forward was discussed. There was an option to 'go it alone' or there was the possibility of working in partnership with another organisation. It would be up to Members to decide how they wanted to proceed. The Council were currently running a pilot scheme where land in Mileham had been provided to a partner who would give back a couple of the houses to the council to provide long-term revenue.

The HCA knew about this pilot scheme and did not object in principle.

They were adopting a very flexible approach.

The Vice-Chairman thanked Andrew for his presentation.

14/09 ITEMS FOR NEXT MEETING

The Member Development and Scrutiny Officer told Members that the invitations to Bidwells and Lovell would be re-issued for the next meeting.

Nick Moys, Principal Planning Officer (major projects) would be invited to discuss design issues and a representative from the HCA would also be invited.

15/09 NEXT MEETING

The next meeting would be held on Wednesday, 8 July 2009, at 2.00 pm in The Board Room, Peddars Way Housing Association, Michael Chaplin House, Station Road, Dereham.

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The meeting closed at 3.23 pm

CHAIRMAN