



Report to the Partnership for Urban South Hampshire Joint Committee

Date: 26 January 2010

Report of: Jeff Channing, PUSH

Subject: HCA Single Conversation: Local Investment Plan and Agreement with the Homes and Communities Agency

SUMMARY

The Homes and Communities Agency has commenced a 'Single Conversation' with PUSH designed to take a strategic view of housing need and provision across the sub-region. PUSH is one of three areas in the South East invited to pilot a Local Investment Plan which is intended to take a 3-5 year look at housing objectives and the delivery strategy, from which is derived a non-binding Agreement between PUSH and the HCA about what needs to be done and the funding potentially required. This paper describes the emerging process and emphasises that the Plan is being drawn up using *existing* PUSH policies, taking into account any new information about housing demand and the emerging findings from the review of the PUSH economic strategy.

RECOMMENDATIONS

The Joint Committee is invited to:

1. NOTE the HCA's Single Conversation and proposed preparation of a Local Investment Plan and Agreement;
2. NOTE that the Plan will be drawn up to reflect PUSH's existing policies, updated as necessary to take account of other workstreams of which the Joint Committee is aware; and
3. AGREE the proposed process, including a workshop to brief the key stakeholders.

INTRODUCTION

1. The Homes and Communities Agency (HCA), the successor body to the Housing Corporation and English Partnerships, is progressively conducting a 'Single Conversation' with groups of local authorities throughout England. The purpose of the Single Conversation is to:
 - come to a shared understanding of local/sub-regional housing, growth, regeneration and sustainability strategies;
 - agree a strategic investment framework and priorities;
 - establish a delivery strategy; and
 - determine the roles and responsibilities of the delivery partners.
2. The proposed outcome of this process is a **Local Investment Plan** and a signed **Local Investment Agreement** that relates directly to the investment that the HCA, local authorities and other partners will provide to meet the objectives and priorities set out in the Plan. The Agreement is a non-legally binding Memorandum of Understanding.
3. The HCA has been seeking to brigade local authorities in the South East into groupings that roughly equate to housing market areas and have selected PUSH to be one of three pilots in the Region to fast track the Plan and Agreement. The aim is to sign off the Plan by the end of the financial year and to prepare an Agreement shortly thereafter.

THE PLAN

4. Under the previous regime, funding by the Housing Corporation for affordable housing was allocated as part of a continuous market engagement process to the most deliverable schemes coming forward in response to bids from housing associations and housing agencies. While this provided a flexible process for allocating funding to affordable housing, it was less successful in providing an overview of objectives and needs across the housing market as a whole. The purpose of the PUSH Single Conversation, the Plan and Agreement, is to provide that overview across the sub-region over the near future – concentrating on what is deliverable in the next 3-5 years but including a longer term outlook. It will help define priorities and align funding with deliverability.
5. The Plan is being prepared against the background of some uncertainty which is manifest in a number of respects:
 - although housing completions have held up well in the PUSH area until now, the expectation is that they will fall below the level of 4,000 additional dwellings a year anticipated in the current South East Plan over the next few years;
 - changes to the economic strategy arising from the work being done by DTZ and Oxford Economics, which may have implications for the pace of housing delivery;
 - the findings of the latest Housing Market Monitoring Report (see agenda paper xx) including the increasing demand for affordable housing and for family sized properties;

- the likelihood of a difficult funding position and potentially reduced national budgets for affordable housing. Part of the purpose of the Single Conversation is to inform the HCA's own bid for resources to a new Government for the next CSR period.
6. Against this background, we recommend that the Plan should be grounded in the *existing* objectives and strategies of PUSH rather than seek to make new policy. We have therefore agreed with the HCA that it should:
- focus on PUSH high level objectives as set out in the latest Business Plan. The Plan and Agreement also sit within the MAA and are consistent with the work being done to refresh the MAA reported in agenda Item 9;
 - link to Business Plan themes especially to enhancing employment and skills in house building and construction, and to sustainability;
 - be about creating communities, reflecting PUSH's 'cities first' policy and the long term programmes of regeneration and estates renewal of Southampton and Portsmouth. But this needs to be underpinned by some detail about sites;
 - focus on delivery of housing developments currently in the pipeline and major developments on the horizon up to 2015. We will need to assess the possible delivery costs (infrastructure and affordable housing) of major sites that are already in the planning process, and propose to include a longer term housing trajectory. This is somewhat speculative but would be useful to demonstrate potential longer term funding requirements;
 - reflect the contribution of partners and the range of funding potentially available. The HCA would like the Plan to reflect other possible funding streams from partners that might be used to deliver growth and regeneration. The feeling from the PUSH side is that the funding theme is now very much stronger in the proposed MAA refresh than in the current MAA document and that there are proposals in that – such as the role of local authority and SEEDA land, tax incremental finance and an infrastructure fund – that will be equally relevant to the Single Conversation;
 - include non-financial contributions especially major project expertise from the HCA (ATLAS), from their consultancy unit and in relation to joint ventures.

Content

7. The proposed Plan is broadly consistent with the template proposed by the HCA and will follow the structure outlined below.

Chapter 1 PUSH aims and objectives: consistent with the Business Plan and MAA. The draft fleshes out PUSH achievements and indicates what the Plan is intended to deliver.

Chapter 2 The sub-regional housing market: housing need, housing provision and gaps in provision, policies in respect of affordable housing, decent homes, estate renewal.

Chapter 3 Priorities: PUSH existing priorities to create sustainable and balanced communities, including the MDAs and the 'cities first'

policy, estates renewal and regeneration and (including Quality Places).

Chapter 4 Opportunities and delivery: summary of HCA policies and available funding programmes. Major PUSH development initiatives (possible short term to 2015 and trajectory of possible longer term delivery). LDF delivery timetables.

Potential costs of possible programmes and resources including partner resources.

Infrastructure needs, including transport and building rounded communities. Potential land assets (eg local authority/SEEDA/HCA).

Priority projects for funding.

Chapter 5 Conclusions

Role of delivery partners (housing providers, private sector)

Next steps - the Local Investment Agreement)

Process

8. A draft of the first chapter of the Plan has already been prepared, drawing heavily on the PUSH Business Plan. Work on the housing demand chapter is being informed by the Housing Market Monitoring Report, together with specific data about housing need and development programmes currently being commissioned from local housing authorities and housing associations. Information on major development sites will be obtained from local planning authorities so as to be consistent with work on core strategies.
9. The timetable envisages preparation of a draft Plan and submission to the Joint Committee at its March meeting. This would normally be accompanied by a draft Agreement but there may be a question about the ability to conclude such an agreement given uncertainties about future national spending priorities.
10. We are proposing to arrange a **workshop** in February to engage key housing people in the PUSH area, including housing associations. The intention is to make this a working session and there will consequently be pressure on numbers but it is proposed to invite a Member from each PUSH authority. The workshop would provide the HCA with the opportunity to brief participants about the Single Conversation process and start to test assumptions about delivery and investment requirements. We should also like to address possible key issues that might emerge from the Plan process.

Possible issues

11. It is premature to flag up issues that will potentially emerge from the Single Conversation but these are likely to include some already identified in the Housing Monitoring Report:
 - demand for affordable housing and the level of funding. A shortfall in funding seems a real possibility especially in the light of increasing

demand for affordable housing and this may be compounded by a reduction in s106 sites;

- the role of the private rented sector in filling the gap. Although it may be outside the scope of the Plan, there is a question about whether institutional investment in the private rented sector may be something to consider;
- the need for flexibility in funding to respond flexibly to sites coming forward. A significant volume of affordable housing has been provided by windfalls in the PUSH area in the recent years and the ability to be responsive to opportunities coming forward will remain important; the need to have continuity of funding over the longer term. This is especially important for Portsmouth and Southampton's city estates renewal strategies that involve rolling programmes of regeneration;
- the type of housing being delivered. As reported in agenda paper xx, recent housing completions have been dominated by one or two bedroomed properties (principally flats) and there is a pressing need for family housing. There would be a cost and delivery implication to a switch towards larger housing units;
- the continuing importance of intermediate housing to bridge the affordability gap for those seeking to purchase their own house.

CONCLUSIONS

12. The preparation of the Local Investment Plan and Agreement will provide an opportunity for PUSH to articulate its housing strategies and funding requirements to the HCA. For its part, the HCA is seeking a strategic look at sub-regional housing issues and would like to use this mechanism to seek to broaden the range of partners and funding addressing the delivery of new homes and of new or regenerated communities. This is a new process which PUSH is helping to pilot against a very tight timetable and we will be seeking as much as possible to integrate preparation of these documents with existing housing, economic and funding workstreams.

Enquiries:

For further information on this report please contact:-

(Jeff Channing, PUSH).

(Tel. Numbers: 02380 688801/07894 911930)

(E-mail: riverside@eastleigh.gov.uk)