

PLACE SELECT COMMITTEE

A meeting of Place Select Committee was held on Monday 9 September 2024.

Present: Cllr Richard Eglington (Chair), Cllr Jim Beall (Vice-Chair), Cllr John Coulson (sub Cllr Andrew Sherris), Cllr Kevin Faulks, Cllr Stefan Houghton, Cllr Marilyn Surtees and Cllr Hilary Vickers.

Officers: Jane Edmends, Simon Grundy (AH&W), and Michelle Gunn (CS).

Also in attendance: Ian Worgan (Keepmoat Housing) and Richard Poole (Michael Poole Estate Agents).

Apologies: Cllr Sufi Mubeen, Cllr Andrew Sherris and Cllr Sylvia Walmsley.

PLA/23/24 Evacuation Procedure

The Committee noted the evacuation and housekeeping procedure.

PLA/24/24 Declarations of Interest

There were no declarations of interest.

PLA/25/24 Minutes

AGREED the minutes of the meeting held on 15 July 2024 be confirmed as a correct record and signed by the Chair.

PLA/26/24 Scrutiny Review of Affordable Housing

The Committee received evidence from the Regional Managing Director of Keepmoat Homes which included:

- An overview of Keepmoat Homes
- The type of partnerships with housing associations and local authorities they were involved in
- Examples of ways the Council could work with private developers to increase their supply of affordable housing
- Reasons why a development may get stalled or not go ahead
- Challenges for delivering the number and types of affordable housing set out in SBC's local plan.

The main issues highlighted and discussed were as follows:

- It was noted that Keepmoat sourced more challenging sites that may have technical issues and transformed them to developable sites. They were able to apply for different types of funding for these types of sites such as brownfield site funding. They had growth plans to build an extra 200/300 affordable properties per year.

- Members questioned if Keepmoat had always worked with Local Authorities and Registered Housing Providers to build affordable housing. It was explained that previously there was a commercial part of the business, but this had been sold and the business now operated a capital light model. It was noted that the Keepmoat would work in partnerships with other private developers, building the affordable housing and infrastructure for a development.
- The different schemes that Keepmoat had been involved in were noted, including a project in partnership with another local authority and registered housing provider whereby the site was financially unviable, and a housing grant was secured to build 66 houses in 12 months via the Homes England Grant. It was noted that Homes England Grant funds were only rewarded if the properties were not built via 106 agreements, and the Community Infrastructure Levy (CIL) was waived if a developer was building 100% affordable housing on a site.
- The number of affordable properties being built on developments was discussed, with members noting that this was much lower than the current need. Keepmoat noted that they could not build more than 750 on one site as the business would then become too big to replenish the land.
- Lead in times for building was discussed and costs to build a property was raised. It was noted that the land could cost £10,000 - £15,000 per plot, before other costs were even considered. A scheme could take 3 – 4 years to come to fruition and Keepmoat were currently planning schemes to be built in 2027.
- Keepmoat highlighted that the number of skilled workers in the labour market was a big issue for developers. There were not enough trained workers in the different trades in the building sector, and not enough people being trained in the sector. There was a shortage of scaffolders and roofers in particular.
- Another issue highlighted by Keepmoat was the biodiversity planning laws that came into force on 12 February 2024, whereby developers had to deliver a minimum of 10% increase of the lands biodiversity value. If it was not possible to do so on a site, they had to buy biodiversity credits from a company registered with Biodiversity Gain Site Register, although it was noted that there were very few companies registered at the present time. It was suggested that an impact of this was that agriculture land was now worth more, with landowners able to put their land to fallow and sell it for biodiversity credits at £100,000 per acre. The registration process for credits took six months and the law applied to every type of site, including brownfield sites. It was noted that there was a housing development site near the Metrocentre which required 6,000 credits which would affect the viability and value of the development.
- Keepmoat Homes noted that in their experience SBC officers were very pragmatic and pro-development and would work with developers. When question by members officers confirmed that SBC did not have a builder which they preferred to work with.

The Committee also received evidence from the Managing Director of Michael Poole Estate Agents (MP) on the type of properties on the market and average market rents. The main issues highlighted and discussed were as follows:

- The private rental stock had reduced significantly in the past few years, however the number of landlords leaving the sector had slowed down recently. It was noted that MP were losing 4 – 5 rental properties a month, whereas previously it was 25 properties a month. As a result of this, there were not enough properties

to meet demand, and in particular there was a shortfall in properties for young people and families.

- MP could not foresee a change in the market due to a change in the demographic of private landlords over the last 5 years. There were less landlords with one or two properties and more portfolio holders with a large number of properties. Many of these portfolio holders were based outside of the area, and buying properties to rent in the borough as the yield was so good. This meant that they were more professional and had more money to invest in a property, therefore the standards of their properties were higher.
- Reasons for landlords leaving the market were discussed and MP suggested that these included interest rates, the threat of Rental Reform, and Section 21 abolishment. Selective licensing was raised with members questioning whether this was a reason for landlords leaving the sector. MP explained that this was not an issue as landlords had experience of working with selective licensing in other areas.
- Members questioned what was happening to the properties of the landlords leaving the market, and informed that these were often sold to owner occupiers as they would get a better price than selling to another private landlord.
- Average rent was £800 a year ago, it was now £872 and rents for some properties were creeping over the £1000 mark. Landlord were requesting yearly increases in rent from their tenants, and in some cases requesting 10% each year. MP would negotiate with landlord for lower increases where they could, but the demand for more money was still there. As the demand was so high, if a sitting tenant was unable to meet the rent increase then there would be approximately 30/40 other people applying to rent the property.
- Members questioned the number of properties available to rent at the housing benefit rate. They were informed that there were no houses in the borough where the rent would be solely covered by housing benefit and tenants would have to find approximately £200 - £300 to make up the shortfall.
- A scheme that MP had been involved in was raised, whereby they worked with another Council to let flats at an affordable rent. The demand for the properties was so high they stopped advertising them after a short period of time.
- A discussion took place regarding tenants moving to home ownership, and it was noted that some people preferred to rent due to their lifestyle and priorities. It was also noted that raising a deposit and securing a mortgage for buying a property may prove difficult for some first time buyer due to the amount that needed to be raised and/or their credit rating. While the percentage of deposit needed was coming down, it was still high and influenced the mortgage rate the buyer was able to secure.

The Committee Chair thanked Keepmoat Homes and Michael Poole Estate Agents representatives for their contributions.

The Committee noted the government press release and letter to all local authorities regarding housing building that had been circulated. Officers informed that a report would be considered at the next Cabinet meeting outlining an option appraisal that

would take place to ensure SBC was prepared to respond to any future funding announcements. The report referenced the work of the Committee and highlighted the current need, with an average of 113 bids per property on Tees Valley Homefinder. Officers also noted that there was a consultation on planning reform which included questions on building affordable housing. The Committee questioned whether the consultation included consideration on planning rules regarding biodiversity and neutral neutrality and informed that this was not included. The conflict between these rules and house building was noted.

The Committee also considered the feedback from site visits to the Nominations and Lettings Team in July 2024. Members commented on the low supply of properties and felt reassured that those on the register were treated fairly. The banding system and waiting times were discussed, with members highlighting how the increase in demand had affected the prospect of those not in band one being successful in bidding on a property. Officers noted that the website (<https://www.stockton.gov.uk/social-housing>) had been updated to include information on waiting times, average properties advertised, and average numbers of bids on properties. The website would be reviewed and updated every three months. Officers also noted that a review of the banding system was due to be carried out, which would include a consultation, and this would be shared with the Committee in October. House in Multiple Occupation (HMO) were raised, and it was noted that these needed to be managed correctly to ensure community cohesion.

Drawing the session to a close, the Committee Chair thanked all SBC officers for their contributions.

AGREED that information be noted.

PLA/27/24 Progress Update - Scrutiny Review of Planning (Development Management) and Adoption of Open Space

Consideration was given to assessments of progress on the implementation of the recommendations from the Committee's previously completed review of Planning (Development Management) and Adoption of Open Space. This was second update following the Committee's agreement of the action plan in January 2023.

It was noted that actions were in place to progress the gaps in data layering for Map@stockton and a further update would be provided in the next quarter.

AGREED that the progress update be noted and assessments of progress be confirmed.

PLA/28/24 Chair's Update and Select Committee Work Programme 2024-2025

Consideration was given to the Work Programme.

The next meeting would be held on Monday 14 October 2024.

AGREED that the work Programme be noted.