

## Rural Housing Advisory Group

22 June 2011

### Board Room, Maple House

**Chair:** Candy Atherton (CA) Homes and Communities Agency

#### Members present:

Sylvia Brown OBE (SB)	Action for Communities in Rural England
Sue Chalkley FCIH (SC)	Hastoe Group
Fenella Collins (FC)	Country Land and Business Association
Catherine Grannum (CG)	Tenants Services Authority
Mike Haines	Local Government Association
Arlene Kersley (AK)	Community Council of Berkshire
Helen Kelly (HK)	Department for Communities and Local Government
Nigel Stone (NSt)	Association of National Park Authorities
Sara Cunningham (SaC)	National Housing Federation

**In attendance from the Homes and Communities Agency:** Matthew Dodd (MD), Susan Fallon (SF), Richard Hill (RH), Becky Ashley (BA), Helen Wilkes (HW), Jacqui Walsh (JW).

#### Apologies:

Colin Molton	Homes and Communities Agency
Neil Sinden	Campaign for the Protection of Rural England

Item	Discussion	Action
1.	The Chair welcomed members and observers and stated that this would be Susan Fallon's last meeting as she is leaving the HCA. The Chair thanked Susan and wished her well. CA informed the group that after her departure from the HCA towards the end of 2011, she would be replaced by Peter Roberts a current HCA Board member. Peter is an enthusiastic champion of rural issues.	
2. Notes and issues arising from the last meeting	Issues from the last minutes all appeared on today's agenda.	
3. National Affordable Housing Programme (NAHP)	MD reported that the rural target for 2008 -2011 had been exceeded by 493 homes. He also reported that HCA operating areas had undergone an extensive exercise of checking coding on completed schemes, to ensure that they were correctly labeled rural or urban. This has greatly improved the reliability of the figures. The Chair thanked the HCA for providing a comprehensive analysis of the figures over the previous Affordable Housing Programme period.	
4. The Affordable Homes Programme	Richard Hill provided a summary the Affordable Homes Programme (AHP) bids received by the HCA. He explained that the AHP was a significant reduction in capital to invest; and that the HCA was delivering the affordable rent product. The target is 150,000 homes in 2011-15, through capital investment and rent	

2011-2015	<p>conversions.</p> <p>RH explained the process to date: the HCA has been through a process of individual negotiations with providers, testing proposals on their Value For Money and strategic fit; and Local Authorities have been consulted. There was a risk that provider's appetite might be low for the product, but bidding has proved that risk to be unfounded. The HCA is now balancing potentially different geographic implications; recognising that there are challenges where rents are low and also in high value areas where uplift is considerable but housing benefit, LHA and family benefit cap impacts have to be considered. The HCA is also balancing different client needs groups. In the 08-11 NAHP, Supported Housing constituted about 12-14% of the programme and therefore the HCA is talking to providers to work towards this element of the housing mix remaining a part of the future programme.</p> <p>Rural bids have been maintained at a similar rate to those in 08-11. In the current moderation process the HCA will be looking for a similar level of provision in rural areas as in the NAHP 08-11.</p> <p>Whilst the HCA is looking to allocate for the whole of 2011-15, about £25 million has been held back for Community Led developments, which although some bids through the current bidding round, many could not work to the required timescales and will therefore be given the opportunity throughout 2011-15 as funding allows.</p> <p>The timescales for the AHP bidding process are very tight. Usually the HCA would have been able to allocate the year ahead of the first delivery year. Therefore processes have to move very quickly.</p> <p>The contract that providers will sign is critical and the HCA is accounting for partners having to take on more risk in the AHP. The HCA also wants to provide an element of flexibility in the contract for partners, whilst at the same time protecting the geographic and client group balance that needs to be maintained. RH stated that the AHP offers an opportunity in that the HCA can offer more flexibility to partners than in the past and Affordable Rent offers more choice in the rental sector.</p> <p>The Chair questioned RH on a set percentage of the overall AHP for rural completions. RH replied that he believed around 8% of the 08 – 11 NAHP were rural completions and the HCA Board would be expected to question a programme that was presented to them that varied drastically from this figure.</p> <p>Sue Chalkley provided a perspective on the AHP from the view of a developing Registered Provider (RP). She explained that like many providers, Boards are constantly reviewing their corporate plans. The Hastoe Board has committed to continue develop going forward on a similar scale and without compromising on quality. Hastoe, like many others, prefers a programme approach as it provides more flexibility to manage cross subsidies between schemes. SC explained that Hastoe is blending market town S106 schemes with rural developments to help offset the additional costs associated with rural development and are considering new forms of tenure such as open market sales for people with a local connection. Hastoe will be monitoring who they are housing under the affordable rent regime; the revenue impact of affordable rent; apprenticeships; social enterprises; and Community Land Trusts. SC explained the financial challenges facing developers including monitoring loan covenant compliance and raising new finance.</p> <p>The Chair asked if there were issues specific to rural developments. SC replied</p>	
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	<p>that managing the complexity of capital funding issues could be difficult for many smaller rural providers, who may not have the necessary resources. SC went on to explain that there are also advantages for rural providers because, for example, they are less exposed to risk on sales due to the extensive advance work done with communities on prospective developments.</p> <p>Sara Cunningham provided some of the perspectives of providers who are struggling to develop with the new AHP. She explained that some Boards have decided they cannot take on the increased risks. She explained that many rural providers do not have urban, or market town developments to blend with the more expensive sparse rural developments. SC raised the problem of rural providers that do not have enough turnover of tenants to create the re-lets needed for Affordable rent conversions. She raised other issues such as the benefit cap in high value areas; under-occupation and providers not having the information on occupancy levels; and a general lack of stock in rural areas. Some providers are carrying out tenant surveys to assess these issues. SC went on to say that some providers are not able to assess how the planning changes are going to affect them. Generally there is concern that small specialist organisations have not bid into the AHP.</p>	
<p>5. Update on Localism Bill. Neighbourhood Planning. Timeline for community led developments.</p>	<p>HK provided a brief update on the progress of the Localism Bill. She explained that the National Planning Policy Framework is being re drafted and comments were raised at the meeting that it needed to be amended to deliver homes in remoter areas and not just local service centres. Further amendments raised were on statutory requirements in the neighbourhood planning process. MD presented a synopsis of the Neighbourhood Planning front runners. A discussion followed, including concerns on referenda. People raised concerns that that public did not know enough about neighbourhood planning and that it is about promoting growth; the fear is that people will get involved in the process to limit growth. Concerns were raised that planning authorities are not explaining the situation adequately and it could lead to divisions in communities.</p> <p>A subgroup of RHAG (Matthew Dodd, Fenella Collins, Sue Chalkley and Arlene Kersley), presented a timeline they have worked on to show the development process of a community led development. The timeline raises concerns that the four years of the AHP may not be long enough for many community led developments to complete. A discussion followed and all agreed a main point is that it will have to be defined (possibly in law) what is 'clearly demonstrable community support'.</p>	
<p>6. Demonstration of the HCA Rural Housing Virtual Learning Environment</p>	<p>MD provided a demonstration of the new online course devised by the HCA Rural Team. The course is available internally and externally. It will be launched in July and a link will be circulated to members then.</p> <p>The Chair requested that the HCA Communications Team endeavour to publicise the resource as widely as possible and stated that she would be happy to be involved in any launch material.</p>	MD
<p>7. Planning for the RHAG workshop</p>	<p>SF outlined a possible RHAG led event in September. The target audience was discussed and the content for the event. SF to send out a skeleton of the day and a draft invite list; Members were asked to 'sign up' for a workshop and to review the invite list.</p>	ALL
<p>8. Update from the Rural</p>	<p>SC provided an update, please see attached.</p>	

Alliance		
9. Notice board	<p>Defra's new Rural Communities Policy Unit, headed up by Sarah McAdam (formerly Chief Executive of the CRC), went live on 1 April 2011; the Housing and Planning Section headed up by Fiona Forgham is part of the Core Policy side of the Unit and is based in London; the research and development will be based in Bristol. The new unit is keen to support RHAG and will be looking to it to help devise projects to help in understanding the new housing and planning context. Please see the attached organogram of the new Defra Rural Communities Policy Unit.</p> <p>HK requested that conversations with the Defra unit should also be shared with DCLG to ensure joined up working.</p> <p>FC raised the ongoing issue of vexatious village green applications.</p>	
10. Other Business	The Chair thanked the HCA Rural Champions for their attendance and their ongoing commitment.	
11. Next Meeting	15 September 2011 RHAG Meeting, London & 16 September 2011, Winchester	