



Leicester
City Council

MINUTE EXTRACT

Minutes of the Meeting of the
OVERVIEW AND SCRUTINY MANAGEMENT BOARD

Held: THURSDAY, 30 JULY 2009 at 5.30pm

P.R.E.S.E.N.T.

Councillor Grant – Chair
Councillor Bhatti – Vice-Chair

Councillor Glover
Councillor Joshi

Councillor Hall
Councillor Newcombe
Councillor Potter

Also In Attendance

Councillor Connelly

Cabinet Member for Culture and
Leisure

Councillor Russell

Cabinet Member for Environment

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51. RESPONSE TO THE RECESSION - HOUSING

The Director, Planning and Economic Development submitted a report that recognised the effects of the recession on Leicester's housing market and considered potential interventions relating to the provision of mortgages by local authorities and also other actions to support the housing market.

The Director, Planning and Economic Development stated that the report included the actions taken by the Council to support the housing market. It also explored the feasibility of the Council becoming a provider of mortgages to those in housing need.

In terms of the direct actions taken by the council, a number of recent developments were reported. Firstly, it was noted that two 'Kick Start' schemes had been short-listed, and these were located at Freemans Meadow and Humberstone lane. Collectively, the two sites would provide 100 units, 30 of which would be affordable housing. It was also noted that the schemes would provide a mix of housing tenure.

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A second recent development reported was that three 'Challenge Fund' bids were to be submitted. The proposed development sites were Godstow Walk, and the former site of Mundella School. It was reported that the recent bid for £144m PFI credits to develop affordable housing and infrastructure had been rejected and would regrettably not be taken forward.

In respect of the exploration around the Council becoming a provider of mortgages, the Director, Planning and Economic Development explained that examples of best practise from elsewhere were sought and it was consequently discovered that only one other authority provided mortgages in this way. It was further discovered that a number of other authorities had considered becoming a provider but had declined to do so as the potential scale of local authority intervention in mortgages provision would be small in comparison to the overall market, the case for possible Council involvement in residential mortgages was diminishing as a result of improvements in the housing market and there would be a significant risk of defaults with the cost burden falling to the Council. The Director, Planning and Economic Development had concluded that Leicester should not currently act as a mortgage provider for the same reasons, but that the position be kept under review in the context of the emerging housing market trends.

A Member of the Board was of the view that the 'right to buy' scheme was counterproductive to the Council's aim of increasing the Council Housing stock, and enquired whether new stock could be permanently preserved, with only older stock being available under the 'right to buy' scheme. It was stated in response by the Legal Advisor that under current law, an individual was entitled to exercise the right to buy a Council owned property if they had lived there for a period in excess of 12 months. It was noted that in the case of recent developments, the 'right to buy' could not be exercised for 20 years.

RESOLVED:

That the report be noted and that the decision for the Council to not currently act as a provider of mortgages be supported at this time.