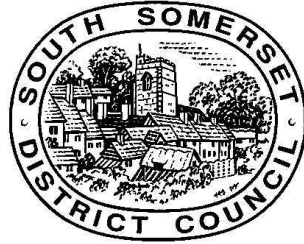


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## **AREA NORTH COMMITTEE**

**28 January 2015**

### **ITEM FOR INFORMATION**

This item for information does not form part of the agenda and is not an item for discussion at this meeting. Should members have questions regarding the item please contact the officer indicated at the top report. If, after discussing the item with the officer, and it is felt appropriate, a member may request an item to be considered at a future committee meeting.

- **Affordable Housing Development Programme**

# Agenda Item 19

## **Affordable Housing Development Programme (Item for Information)**

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### **Purpose of the Report**

The purpose of this report is to update members on the outturn position of the Affordable Housing Development Programme for 2013/14 in relation to Area North and future prospects in the light of recent confirmations of grant from the Homes and Communities Agency (HCA) and the District Executive.

### **Public Interest**

This report covers the provision of affordable housing in Area North over the past year, during the current year and anticipates the likely delivery of more affordable homes being constructed in the future. It will be of interest to members of the public concerned about the provision of social housing for those in need in their local area and of particular interest to any member of the public who is seeking to be rehoused themselves or has a friend or relative registered for housing with the Council and its Housing Association partners.

“Affordable” housing in this report broadly refers to homes that meet the formal definition that appears in national planning policy guidance (the ‘National Planning Policy Framework’). In plain English terms it means housing made available to people who cannot otherwise afford housing (owner occupied/mortgage or rented) available on the open market. Typically this includes rented housing (where the rent is below the prevailing market rate for a private sector rented property of similar size and quality) and shared ownership (where the household purchases a share of the property that they can afford and pays rent, also at a below market rate, on the remainder)

This report covers the level of public subsidy secured (which is necessary in order to keep rents at below market rates) and sets out where affordable housing has been completed. It does not cover the letting of the rented housing or the sale of the shared ownership homes; in short, it is concerned with the commissioning and delivery stages only.

### **Recommendation**

The Committee are asked to note the outturn position of the Affordable Housing Development Programme for 2013/14.

### **Background**

The overall programme is usually achieved through mixed funding (Social Housing Grant [administered by the Homes and Communities Agency - HCA], Local Authority Land, Local Authority Capital, Housing Association reserves and S106 planning obligations) and the careful balancing of several factors. This includes the level of need in an area; the potential

for other opportunities in the same settlement; the overall geographical spread; the spread of capacity and risk among our preferred Housing Association partners and the subsidy cost per unit.

A previous report was considered by the Area North Committee on 24<sup>th</sup> July 2013 which considered the outturn for the previous financial year (2012/13) and the effective outturn for the then current financial year (2013/14). Annual update reports on the programme were provided to the District Executive on 1<sup>st</sup> August 2013 and 4<sup>th</sup> September 2014, both of which gave more detail in terms of the longer term perspective and the provision of affordable housing across the entire district.

In recent years a significant element of the affordable housing delivery programme has been produced through planning obligations within larger sites being brought forward by private sector developers. However the delivery of these is tied to wider economics, not least the developers view of prevailing market conditions and the speed at which they estimate completed properties will sell at acceptable prices. Typically the required affordable housing is agreed at the outset of larger sites, but delivered as the site progresses over a number of years.

### **2013/14 Outturn**

The outturn for the affordable housing development programme in Area North for the last financial year is shown at Appendix A. 2013/14 was unusual in that both schemes completed early in the financial year and were included in the last report to the Area North Committee on 24<sup>th</sup> July 2013. However they are repeated here for completeness sake.

The three new homes constructed by Yarlinton at Parsons Close, Long Sutton have been built to Passivhaus standard, a construction model which should radically reduce the cost of heating. Actual energy consumption patterns are being monitored over an eighteen month period to evaluate the effectiveness of these measures in real life and compare these with the savings expected in the theoretical model.

The thirteen dwellings at South Petherton were acquired by Raglan under the planning obligation imposed by the s106 agreement on the larger site (constructed by Wyatt Homes), hence there being no public subsidy required. Raglan have since merged with Jephson to form a new Housing Association, Stonewater.

### **2014/15 Current Programme**

The programme for the current financial year is shown at Appendix B. Five schemes have constructed in five different settlements, involving four different Housing Associations, producing a total of fifty new homes. Once again it is anticipated that this report is the effective outturn for the current financial year as four of the schemes completed in 2014 and the fifth (at South Petherton) is due to complete this month, the properties due to be handed over by the time of the Committee meeting. Whilst very unlikely, it remains possible that there may be another acquisition, such as a mortgage rescue or a 'Bought not Built' within Area North before the end of this financial year.

Just over a third of these new homes are for shared ownership and just over a fifth of the rented properties are let on the (lower) social rent regime with the majority being let on 'Affordable Rents' (up to 80% prevailing market rent).

The Yarlinton and Community Land Trust (CLT) scheme at Norton sub Hamdon is reported here although the site straddles the parish (and thus the Area) boundaries, being mainly

within the parish of Chisleborough. The scheme is the first CLT led housing scheme to complete in South Somerset. We anticipate the second (at Queen Camel) to also complete this financial year. Since completion of the housing scheme the CLT has gone on to take over the village shop and post office.

The Knightstone property in Somerton is a single acquisition of a bungalow rather than a new build scheme. Acquisition from the private market, together with the required 'catch-up' works to bring the property up to the same standard as a Housing Association new build property, is the key reason for the property having a higher than usual pro rata cost in terms of the level of grant made available.

The Yarlinton shared ownership scheme at Curry Rivel represents the final four properties to be constructed on the former PRC estate, all of these being a net gain as the original properties were effectively 'replaced' in previous phases, as reported to this Committee.

The Hastoe scheme at Huish Episcopi is a mixture of properties acquired from the main developer under planning obligations and further units being purchased using grant from the Homes and Communities Agency. The site is adjacent to the existing Hastoe properties built near the Councils former offices at 'Old Kelways'.

The Aster scheme at South Petherton, which is due to complete this month, is the first to be acquired by Aster in South Somerset under a planning obligation since their appointment as a main partner Housing Association four years ago.

The creation and acquisition of fifty affordable dwellings in Area North is the highest result for the past three years. In 2011/12 there were sixty nine new affordable dwellings delivered in Area North, although sixteen of these were replacement properties and the real net gain was fifty-three.

#### **Future Programme Prospects: 2015/16 +**

There is one other scheme in Area North which currently has funding secured from the Homes and Communities Agency. For completeness sake this is shown at Appendix C. Hastoe have been awarded grant to produce another six homes on a rural exceptions site at Ash. However the original site they were hoping to use is no longer available and an alternative site needs to be secured. At this point we cannot be certain of a completion date and whilst the funding has been secured it remains the case that if an alternative site cannot be secured Hastoe may have to utilise the funding in another location or run the risk of losing it altogether.

There could be further gains in the coming years from planning obligation sites, although none of these are reported here as we cannot be certain about timing and also because there could be future viability issues which result in the level of affordable housing being reduced on certain sites. However members will be aware of other potential sites which have come forward for outline planning permission.

#### **Financial Implications**

The level of SSDC capital funding is shown in the appendices. However this does not indicate the size of the unallocated programme, including the rural housing fund. The main contingency funding has traditionally been held back to meet operational requirements, such as "Bought not Builts" for larger families, mortgage rescue and disabled adaptations specifically designed for clients where opportunities do not exist in the current stock.

There are no new financial implications arising from this report.

### **Implications for Corporate Priorities**

The Affordable Housing development programme clearly provides a major plank in addressing “Focus Three – Homes” and in particular meets the stated aim:

*“With partners, enable additional new homes to meet the needs of the district, including mixed housing schemes to buy or rent that are affordable.”*

and the major statement in the Plan:

*“We want decent housing for our residents that matches their income”*

### **Carbon Emissions and Climate Change Implications**

All affordable housing in receipt of public subsidy, whether through the HCA or from the Council, has to achieve the minimum code three rating within the Code for Sustainable Homes

### **Equality and Diversity Implications**

All affordable housing let by Housing Association partners in South Somerset is allocated through Homefinder Somerset, the county-wide Choice Based Lettings system. Homefinder Somerset has been adopted by all five local housing authorities in the County and is fully compliant with the relevant legislation, chiefly the Housing Act 1996, which sets out the prescribed groups to whom ‘reasonable preference’ must be shown.

**Background Papers:** Area North Affordable Housing Development Programme  
Area North Committee – 24<sup>th</sup> July 2013

Affordable Housing Development Programme  
District Executive – 1<sup>st</sup> August 2013

Affordable Housing Development Programme  
District Executive – 4<sup>th</sup> September 2014

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### Appendix A: Combined HCA & SSDC Programme 2013/14 outturn

HA	Scheme Name	Social Rent	Affordable Rent	Shared Ownership/ Intermediate	Net Gain New Homes	Total Homes for NI 155 purposes	Total Grant	Level of grant from SSDC	SDC land allocation value	Level of grant from HCA	Planning Obligation	completion
Yarlington	Parsons Close, <b>Long Sutton</b>	0	1	2	3	3	£99,601	£0	£2,000	£99,601		May-13
Stonewater (Raglan)	Hayes End Road, <b>South Petherton</b>	7	0	3	10	10	£0	£0	£0	£0	✓	Apr-13
<b>TOTALS</b>		<b>7</b>	<b>1</b>	<b>5</b>	<b>13</b>	<b>13</b>	<b>£99,601</b>	<b>£0</b>	<b>£2,000</b>	<b>£99,601</b>	<b>10</b>	

### Appendix B: Expected Combined HCA & SSDC Programme 2014/15

HA	Scheme Name	Social Rent	Affordable Rent	Shared Ownership/ Intermediate	Net Gain New Homes	Total Homes for NI 155 purposes	Total Grant	Level of grant from SSDC	SDC land allocation value	Level of grant from HCA	Planning Obligation	completion
Hastoe	Fern Green, <b>Langport</b> (Huish Episcopi)	0	14	4	18	18	£380,972	£0	£0	£380,972	✓	Nov-14
Aster	St Michael's Gardens, <b>South Petherton</b>	7	4	6	17	17	£0	£0	£0	£0	✓	Jan-15
Knightstone	St Cleers Orchard, <b>Somerton</b>	0	0	1	1	1	£85,000	£85,000	£0	£0		May-14
Yarlington	Minchington Close, <b>Norton-Sub-Hamdon (CLT)</b>	0	8	2	10	10	£420,000	£0	£0	£420,000		Sep-14
Yarlington	Westfield, <b>Curry Rivel</b>	0	0	4	4	4	£40,000	£0	£0	£40,000		Dec-14
<b>TOTALS</b>		<b>7</b>	<b>26</b>	<b>17</b>	<b>50</b>	<b>50</b>	<b>£925,972</b>	<b>£85,000</b>	<b>£0</b>	<b>£840,000</b>	<b>32</b>	

**Appendix C: Proposed Combined HCA & SSDC Programme 2015/16 +**

HA	Scheme Name	Social Rent	Affordable Rent	Shared Ownership/ Intermediate	Net Gain New Homes	Total Homes for NI 155 purposes	Total Grant	Level of grant from SSDC	SSDC land allocation value	Level of grant from HCA	Planning Obligation	Anticipated completion
Hastoe	Ash	0	6	0	6	6	£190,500	£0	£0	£190,500		2016