

Affordable Housing Development Programme

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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 South and future prospects in the light of recent confirmations of grant from the Homes and Communities Agency (HCA).

Recommendation

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

Public Interest

This report covers the provision of affordable housing in Area South over the past 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), sets out where affordable housing has been completed and describes schemes that are either already underway or are expected to be built in the near future. 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.

Dorcas House Trust (otherwise known as Portreeves or Corporation Almshouses) is a registered Charity, No. 235337 and is regulated under Charity Commission Schemes dated 3rd September 1973 and 1st February 1978. The Area South Committee act as Trustees of the trust. This report also refers to the opportunities for obtaining replacement properties for the Trust.

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 South Committee on 5th June 2013 which considered the outturn for the previous financial year (2012/13) and the prospects for the then current financial year (2013/14).

An annual update report on the programme was provided to the District Executive on 1st August 2013. The next such update will be considered by the District Executive on 4th September 2014, meeting the day immediately after the Area South Committee. Both reports to the District Executive give 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.

The Council is the corporate trustee of a charitable trust set up to provide accommodation in Yeovil for single women. For almost 100 years this provision was made through a building known as Dorcas House but, following consent from the Charity Commission, this was disposed of in the light of it no longer being economically viable. We now hold the funds in trust and are obliged to procure alternative provision.

2013/14 Outturn

The outturn for the affordable housing development programme in Area South for last financial year is shown at Appendix A. Apart from two mortgage rescue properties (the specific addresses are withheld), no direct public subsidy has been provided for any of the properties completed in Yeovil, which is quite an unusual outcome. Another unusual feature is the entire programme being delivered by just one Housing Association, Yarlington.

The scheme at Pen Mill derives from planning obligation alone with the developer, Elan, being obliged under the s106 Agreement to sell ten dwellings to Yarlington at a price lower than would be obtained through sale on the open market. This scheme includes a bespoke bungalow which has met the specific physical needs of a particular family that could not have been met through any vacancies occurring within the existing social housing stock.

The other scheme, at St Georges Avenue, completes the PRC redevelopment programme. Whilst no public subsidy is shown against this site, members of the Committee are reminded that the cost of addressing the PRC homes was built into the original stock transfer arrangement fifteen years ago and effectively resulted in a marginal reduction in the capital receipt obtained by the Council. This 'dowry' built into the business plan for 'remedying' the PRC houses has been supplemented by other reserves and this in turn represents an opportunity cost (i.e. Yarlington could have

chosen to invest those reserves in other schemes, including the possibility of attracting additional public subsidy elsewhere).

In theory every tenant household that was moved out ('decanted') prior to demolition had a right to return to one of the replacement homes but in practice many of the decanted households chose to remain where they then were, rather than move back, making the number of available dwellings higher than otherwise would have been the case. Nevertheless the Appendix shows a net gain of '0' as all of the dwellings delivered last financial year were, effectively, replacement dwellings.

2014/15 programme

The programme for the current financial year is shown at Appendix B. It is also unusual in that it relies more heavily on subsidy from the District Council, through gift of land and capital sums, than it does central Government subsidy through the HCA. Another unusual aspect is that the number of rented homes being developed on the (traditional, lower) 'social rent' regime exceeds the number being developed under the new Affordable Rent regime; because of the relative deployment of funding from the HCA this situation is reversed when looking at development for the district as a whole..

We are currently projecting completion of 75 new homes in Area South, 69 in Yeovil and 6 in West Coker, to be delivered by three different Housing Associations. It is possible that the outcome will vary from this if delays on site are experienced on a scheme or the less likely event that one of the schemes currently expected to complete in 2015/16 delivers some dwellings earlier than expected. The final number may also vary if there are any further individual acquisitions such as through 'bought not built' or mortgages rescue.

Raglan have already completed work on two individual properties. One of these is a bespoke bungalow designed to meet a particular set of physical needs on former council land. The bungalow has been specifically designed so that if it is no longer required at some point in the future it can readily be converted into two smaller bungalows.

The other individual property already made available by Raglan is a conversion to create a new five bedroomed property. This has been achieved by building into the loft space of a property which was originally designed as a four bedroomed house and had become vacant. The subsidy provided by the Council has not resulted in any overall net gain of stock but has meant that the needs of a larger family have been met which could not have been addressed through vacancies arising from within the existing stock.

Another five bedroom property is also being created by Yarlinton using existing stock. In this case it is being achieved through an extension on the side of an existing property. As with the Raglan conversion, the subsidy provided by the Council does not result in a net gain but does create an opportunity to rehouse one of the larger families on the housing register. The nature of the extension means that, like the Raglan bungalow, should the newly created five bedroom house not be required at some point in the future, it can be readily converted into two smaller houses and, at that point in time, create a net gain to the overall stock.

The Knightstone scheme at Cunningham Road on the Lyde Road key site also includes a five bedroomed house, this time a newly built dwelling, as one of nine properties purchased from the developer of the estate. The nine dwellings include three dwellings, one of which is the five bedroomed house, sold to Knightstone under the s106 Agreement governing the planning obligations on the key site. Members of the Committee may already be aware that these three obligated dwellings represent the last

affordable housing to come forward from the overall site under the s106 Agreement in the light of prevailing viability issues. The other six dwellings have been purchased with the aid of grant subsidy from the both the HCA and the Council.

The majority of the dwellings expected to be delivered in Yeovil this year, 62 of the 69, derive from planning obligations (hence the relatively low level of total grant this financial year). The bulk of these are the first 59 dwellings to be completed on the Lufton key site, roughly half of which will be for shared ownership.

Future Programme Prospects: 2015/16 +

The prospects for future years, 2015/16 and beyond are shown at Appendix C. There are four schemes in Yeovil due to be delivered by three different Housing Associations. One scheme, the conversion of the upper floors at 80 South Street by Bournemouth Churches Housing Association, has funding in place from the District Council and has appropriate planning permission in place. The other three schemes all arise from recent awards of funding by the HCA from their new 2015/18 programme and are subject to obtaining the relevant planning permission.

There have been discussions with Raglan Housing Association to consider incorporating some replacement properties for Dorcas House within their prospective sites in the same manner that they were able to help the Jubilee Almshouse Trust in Chard several years ago. This would achieve new dwellings built to modern standards, taking advantage of the lower pro rata costs of a larger scheme.

Appendix C does not show further dwellings derived from planning obligations alone, although there should be further gains in the coming years from this source, primarily because we cannot be certain re: timing but also because there could be future viability issues which result in the level of affordable housing being reduced on certain sites. Having said that the Committee may wish to note the prospects of further affordable homes coming forward through the Brimsmore key site and, further in the future, the urban extension.

Dorcas House Trust (otherwise known as Portreeves or Corporation Almshouses)

The Area South Committee act as Trustees of the trust. A report was submitted in July confirming the sale of Dorcas House and the total funds now available to the Trustees for procurement of replacement properties. The Committee were also informed in the July report of the proposed approach that the properties procured are two-bedroomed self-contained houses or flats, possibly in pairs rather than a block of dwellings in a single building as was previously the case.

Since then, there have been discussions with Raglan Housing Association to consider incorporating some replacement properties for Dorcas House within their prospective sites in the same manner that they were able to help the Jubilee Almshouse Trust in Chard several years ago. This would achieve new dwellings built to modern standards, taking advantage of the lower pro rata costs of a much larger scheme. It also has the advantage of re-provision for Portreeves (or Corporation) Almshouses within the parish boundary of Yeovil Town, as per the original foundation.

Financial Implications

The level of SSDC capital funding, within Area South, is shown in the appendices. However this does not indicate the size of the District Wide unallocated programme, including the rural housing fund. Also 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.

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”

Background Papers: Area South Affordable Housing Development Programme
Area South Committee – 5th June 2013

Disposal of land at Larkspur Crescent, Yeovil
District Executive - 4th July 2013

Affordable Housing Development Programme
District Executive – 1st August 2013

Affordable Housing Development Programme:
Lyde Road Key Site, Yeovil
Executive Bulletin no.s 597 & 598, 18th & 25th October 2013

Creation of a Day Centre and Related Accommodation at 80
South Street, Yeovil
District Executive – 3rd April 2014

Affordable Housing Development Programme: Larkspur
Crescent, Yeovil
Executive Bulletin no.s 630 & 631, 20th & 27th June 2014

Dorcas House Trust - Annual Report For The Year To 31st
March 2014
Area South Committee – 2nd July 2014

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	Anticipated completion
Yeovil	Yarlington	St George's Avenue	0	0	0	0	43	£0	£0	£0	£0		Jun-13
	Yarlington	Mortgage Rescues	0	2	0	2	2	£116,724	£0	£0	£116,724		
	Yarlington	Pen Mill	5	0	5	10	10	£0	£0	£0	£0	✓	Dec-13
Totals			5	2	5	12	55	£116,724	£0	£0	£116,724	10	

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	Anticipated completion
Yeovil	Raglan	Larkhill Road	1	0	0	1	1	£137,600	£137,600	£70,000	£0		Jul-14
	Yarlington	Lufton Key Site	30	0	29	59	59	£0	£0	£0	£0	✓	Mar-15
	Raglan	Hathermead Gardens*	0	1	0	0	0	£59,000	£59,000	£0	£0		Jun-14
	Yarlington	Westfield Place*	1	0	0	0	0	£70,000	£70,000	£0	£0		Dec-14
	Knightstone	Lyde Road** (Cunningham Rd)	1	8	0	9	9	£180,000	£30,000	£0	£0	✓	Oct-14
	Yeovil Sub-total			33	9	29	69	69	£446,600	£296,000	£70,000	£0	62
West Coker	Raglan	Font Villas,	6	0	0	6	6	£99,200	£0	£100,000	£99,200		Oct-14
Totals			39	9	29	75	75	£545,800	£296,000	£ 170,000	£99,200	62	

*Both these properties are conversions to create a 5 bed dwelling, therefore giving no net gain in overall numbers of dwellings.

**These nine dwellings represent a mixture of 3 gained through planning obligation plus a further 6 purchased with the aid of grant

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
Yeovil	Raglan	Dampier Place	0	22	11	33	33	£648,417	£0	£0	£648,417		Nov-16
	Chapter 1	Christopher House*	0	9	0	0	9	£270,000	£0	£0	£270,000		2015
	BCHA	80, South Street	0	4	0	4	4	£100,000	£100,000	£0	£0		2015
	Raglan	Goldcroft	0	19	0	19	19	£470,402	£0	£0	£470,402		May-16
Totals			0	54	11	56	65	£ 1,488,819	£100,000	£0	£ 1,388,819		

*Although showing as a net gain of nine new homes, these are self-contained units arising from the refurbishment of a former hostel-type facility