

Affordable Housing Development Programme – Area East

Executive Portfolio Holder *Councillor Ric Pallister,*
Head of Service: *Colin McDonald, Corporate Strategic Housing Manager*
Lead Officer: *Colin McDonald, Corporate Strategic Housing Manager*
Contact Details: *colin.mcdonald@southsomerset.gov.uk*
or (01935) 462331

Purpose of the Report

The purpose of this report is to update members on the outturn position of the Affordable Housing Development Programme for 2016/17 in relation to Area East, activity during the current year and other future prospects. It also provides an opportunity for Stonewater Housing Association to describe their proposed 'Rent to Buy' scheme in Wincanton.

Recommendation

The Committee are asked to note the outturn position of the Affordable Housing Development Programme for 2016/17, the current position for 2017/18 and future prospects.

Public Interest

This report covers the provision of affordable housing in Area East over the past year and anticipates the likely delivery of more affordable homes being constructed or acquired 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)

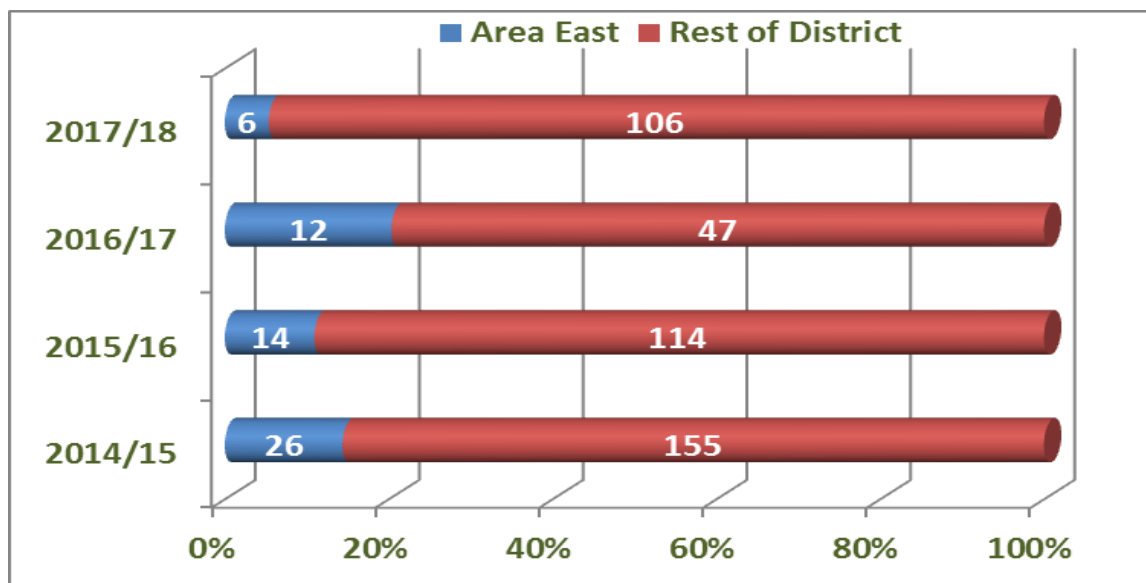
This report covers the level of public subsidy secured (which is necessary in order to keep rents at below market rates), sets out where affordable housing has been completed and describes schemes that are either already underway or are expected to be built in the near future. It does not cover the letting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

Background

The overall programme has traditionally been achieved through mixed funding (Housing Grant [administered by the Homes and Communities Agency - HCA], Local Authority Land, Local Authority Capital, Housing Association reserves and planning obligations obtained under section 106 of the Town and Country Planning Act 1990) 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 East Committee on 11th January 2017 which considered the outturn for the previous financial year (2015/16) and the prospects for the then current financial year (2016/17). Since then an annual update report on the programme has been provided to the District Executive on 6th July 2017, giving more detail in terms of the longer term perspective and the provision of affordable housing across the entire district.

The graph below covers a four year period including three completed years from 2014-17 and a projection for the current financial year. It demonstrates the proportion of all new affordable homes in the district that were (or will be) delivered in Area East. Over the entire four year period the proportion of new affordable homes delivered in Area East is just under 14%.



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 developer’s 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 Housing and Planning Act 2016 introduced the Governments proposal of ‘Starter Homes’ as an alternative form of provision to ‘traditional’ Affordable Housing. However the regulations required to complete the definition of ‘Starter Homes’ are still to be issued.

2016/17 Outturn

During 2016/17 twelve affordable properties were built in Milborne Port, derived from obligations placed on developers under s106 and transferred to Aster. This scheme was reported to the committee last year as it completed prior to the last annual report. The scheme consisted of seven homes for rent (three x one-bed, three x two-bed flats and a specially tailored five bedroom property) and five for shared ownership (two x two-bed and three x three-bed houses); because this was derived through planning obligations the homes for rent were let at social rent levels. No further properties were obtained or built in Area East for the remainder of 2016/17.

2017/18 provisional outturn

During 2017/18 there has currently been one completed scheme in Area East and it is unlikely (but not impossible) that any further properties will be acquired this year. The scheme that completed was at South Cadbury, as reported to the Committee previously. Yarlington created six new homes, four for rent (two x 1-bed flats, one x 2-bed house and one x three-bed house) and two shared ownership (both three bedroom houses) using a cocktail of £108,000 in new grant from the HCA and some recycled funds. Because the scheme was grant funded the homes for rent have been set at affordable rent levels.

Yarlington disposals

The Committee will be aware that the volume of disposals undertaken by Yarlington as a result of the various changes imposed on the sector by Government as discussed by a Scrutiny Task & Finish group. In particular concerns have been raised about the disproportionate effect of such disposals on rural housing.

Since January 2017 there have been five more proposed disposals in Area East out of a total of eight across the district. Since June 2012 the proportion of such Yarlington disposals falling in Area East has been just over 31%. It remains the case that we are unaware of any proposed disposal being withdrawn following consultation.

There has also been a property in a rural part of Area East considered for potential disposal by Stonewater in the past year. Following some initial comments, Stonewater withdrew the proposal and retained the property.

Future prospects

Members of the Committee will be aware of a number of sites where, were they to be built out by the main developer, further affordable housing is due. Members may recall that following the discussion of the affordable housing report last January further detail was circulated to members indicating a potential 82 affordable dwellings derived from planning obligations on various sites in Area East. The completions reported above account for 12 of those suggested 82 but none of the other remaining sites have yet come forward. Since last January other sites have been granted permission with the expectation that some affordable housing will be contained within. The attached appendix lists sites with permission that are yet to deliver in Area East and was correct in late December when this report was compiled.

Stonewater Affordable Rent to Buy scheme

One such site is Vedelers Hey in Wincanton where an outline permission for up to 15 dwellings was approved in March 2017. Under the s106 Agreement a development of 15 dwellings would produce five as affordable, the majority being available as social rent and the remainder as an intermediate product such as shared ownership. However the site has been acquired by Stonewater who now intend to bring forward all 15 dwellings on an intermediate tenure known as 'Affordable Rent to Buy', backed by grant made available from the HCA.

Affordable Rent to Buy scheme is a product designed by the HCA for first time buyers intending to purchase within the next 5 years, but needing to save for a deposit and the fees involved with buying a property, giving them the chance to save money towards the purchase whilst renting the home at an affordable rent.

An application for full permission (reserved matters) has been submitted and there will also need to be a deed of variation to the existing s106 Agreement. Although the obligated units for social rent would

be lost, Stonewater have agreed to market the Affordable Rent to Buy dwellings initially with existing tenants with the intention of generating vacancies within the existing social rented stock.

Stonewater are ready to make a start on site in February 2018, with completions following on in the financial year 2018/19.

Officers from Stonewater have been invited to attend the meeting and make a short presentation to explain the proposed tenure model in more detail.

Community Led Housing Fund

Members may recall a meeting held in our offices in Wincanton on the evening of 5th July, during rural housing week, to describe to representatives of Parish Councils the possibilities of community led housing. This included a presentation from the Wessex CLT Project and from existing Community Land Trust members, highlighting the two successful schemes already completed in South Somerset at Norton-sub-Hamdon and Queen Camel. Similar meetings were held in other parts of the District.

As part of the 2016 Budget, a £60 million fund was announced to support community-led housing developments in areas “where the impact of second homes is particularly acute.” The allocation for South Somerset District Council was set at £263,222. A brief discussion paper, including a draft outline plan, was put forward to the portfolio holder discussion group meeting that was held on Friday 10th February. Following that funds were set aside from our allocation to run the promotional events referred to above and to create grant pots to both assist Parish Councils and other local groups undertake detailed housing surveys and to assist fledgling community led groups, such as Community Land Trusts, with basic set up costs.

The Government have confirmed that the second tranche of funding will be channelled through the HCA and subject to competitive bidding. The chief purpose of our outline plan was to encourage sufficient interest and enable local groups to develop ‘shovel-ready’ proposals that could then bid into this anticipated second round of funding.

In Area East a number of Parish Councils have been considering housing needs as part of their emerging parish plan. Perhaps the best example is Charlton Horethorne where such surveying has already been undertaken and a fledgling CLT now exists.

Affordable Housing Day

The Housing Development Officer is currently arranging the next Affordable Housing Day where applicants for affordable housing and potential applicants can come along and discuss options with various housing providers. The 2018 event will be held at the Westlands complex in Yeovil on Thursday 8th March between 3pm and 7pm. Invitations to those currently registered on Homefinder Somerset with a connection to South Somerset will be sent out shortly after the Area Committee meeting.

Financial Implications

No SSDC capital funding was applied to either of the schemes reported here as completed. Until further allocations are made for 2018/19 onwards the SSDC affordable housing capital fund is fully allocated with the exception of a rural contingency fund. Smaller contingencies have also been set aside for “Bought not Builts” for larger families and for mortgage rescue, both of which are rare occurrences and either of which could take place in Area East.

Carbon Emissions & Adapting to Climate Change Implications

Previously all affordable housing in receipt of public subsidy, whether through the HCA or from the Council, had to achieve the minimum code three rating within the Code for Sustainable Homes. The HCA has since dropped this requirement and work has been undertaken to understand the precise differences between code three and current building regulations (which have improved). Whilst the Council may be able to seek slightly higher standards than those achieved through building regulations where it is the sole funder of schemes, this is rarely the case as usually there is some HCA grant sought at some stage.

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.

Implications for Corporate Priorities

The Affordable Housing development programme clearly provides a major plank under "Homes" and in particular meets the stated aim:

"To work with partners to enable the provision of housing that meets the future and existing needs of residents and employers."

Privacy Impact Assessment

This report does not directly impact on any data held of a personal nature.

Background Papers: Area East Affordable Housing Development Programme
Area East Committee – 11th January 2017

Community Led Housing: Outline Plan
(Report to Portfolio Holder) 24th February 2017

Affordable Housing Development Programme
District Executive – 6th July 2017

Appendix: Planning permissions yet to deliver required Affordable Housing in Area East

Parish	Application Number	Proposal	Location	Decision Date	Net Dwellings	Affordable Dwellings
Ansford	14/05623/OUT	Outline for demolition of existing structures to provide up to 125 residential units	Wayside Farm Station Road	12-Jan-17	125	43
Ansford	16/01912/REM	reserved matters following 15/02388/OUT (up to 75 dwellings).	Land At Station Road	21-Oct-16	75	25
Ansford	16/02187/REM	reserved matters for 37 dwellings	Land Adjoining Well Farm	01-Nov-16	37	13
Bruton	15/03274/FUL	Development of 68 homes	Land Off Cuckoo Hill	28-Mar-17	68	23
Castle Cary	16/00435/OUT	Outline (with all matters reserved except access) for demolition of former Constitutional Club and erection of 8 dwellings.	Constitutional Club Station Road	20-Jun-16	8	2
Charlton Mackrell	16/02353/OUT	Outline application 8 dwellings (all matters reserved except access)	Land Opposite Fox And Hounds Broadway Road Charlton Adam	31-Mar-17	8	3
Keinton Mandeville	16/01832/REM	reserved matters following 14/01333/OUT (redevelopment of Lake View Quarry to provide 42 dwellings)	Land At Lake View Quarry Chistles Lane	12-Jan-17	42	15
Milborne Port	16/04237/OUT	Outline application up to 46 residential units (including 35% affordable housing)	Land At Gainsborough	17-Jul-17	46	16
Sparkford	14/01958/FUL	28 dwelling houses	Longhazel Farm High Street	17-Mar-16	28	6
Sparkford	14/05052/FUL	development of 11 dwellings	Land rear of The Burrows) High Street	23-Nov-15	11	3

Wincanton	13/03318/OUT	Outline for up to 47 dwellings	Land South Of Bayford Hill	27-Jan-15	44	10
Wincanton	15/00288/OUT	Proposed demolition of existing dwelling and erection of up to 15 dwellings	Vedellers Hey Balsam Park	31-Mar-17	15	15
Totals					507	174