

Affordable Housing Development Programme

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 2013/14 in relation to Area East and future prospects in the light of recent confirmations of grant from the Homes and Communities Agency (HCA) and the District Executive.

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 East 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.

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 East Committee on 9th October 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 4th September 2014 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 East for the last financial year is shown at appendix A. These completions were reported previously to the Committee in the last report on 9th October 2013 although as a provisional outturn only. Two schemes completed in Area East during last financial year. Together these schemes produced a total of 41 homes, although 16 of these are replacement properties rather than net gain.

The Raglan scheme at Barton St David was the most recent rural exceptions scheme to complete within the district, built on land acquired from the County Council. The need for affordable housing was first identified during the development of the Barton St David Parish Plan. The Parish Plan was published in 2009 and included an action to “Engage with the planning system to provide a small scale development of affordable housing for people with close local ties”. By the time the Parish Plan was published we had already completed the parish housing needs survey. Based on that survey, the scheme is entirely for rent, with the bulk of the subsidy coming from the HCA and a relatively small amount from the Council. The scheme includes a four bedroomed house, where the rent has been capped well below 80% of the prevailing market rate, in accordance with our ‘hybrid’ model. The rents on the smaller properties are at the full 80% Affordable Rent.

The redevelopment of the Yarlington site at Cumnock Crescent, Castle Cary was the last of the former council PRC estates, not just in Area East but across the district. Redevelopment not only allowed for an increased number of dwellings (a net gain of 12) but also fulfilled Yarlington's obligation to bring the former council PRC homes up to a mortgageable standard (a promise made to tenants at the time of the ballot to approve the stock transfer), albeit by virtue of demolition and re-provision. This site was subject to a few contractual delays but was completed shortly after the date of the previous report to the Committee.

2014/15 Provisional Outturn

The programme for the current financial year is shown at Appendix B. Three schemes are underway in three different villages, each involving a different Housing Association. A total of 26 new homes will be produced, of which just under one third (8) will be for shared ownership. Just under a third of the rented properties (5) will be let on the (lower) social rent regime with the majority (13) being let on ‘Affordable Rents’ (up to 80% prevailing market rent).

The scheme at Milborne Port, being delivered by Yarlington derives from a planning obligation on a larger substantive site being developed by a private sector developer, Elan.

The affordable housing involves no public subsidy and it is being delivered first and is immediately adjacent an existing Yarlington (former council) development. There are two shared ownership and the remaining rented properties will be let on the social rent regime, thus rents will be comparable with existing neighbouring Yarlington properties.

The Raglan scheme at Sparkford is on a site which Raglan have purchased from the market with planning permission in place. The overall scheme includes one property for outright sale, the proceeds from which have helped reduce the level of grant required from the HCA. Almost half of the remaining properties will be for shared ownership with the remaining half of the site being homes for rent available on the 'Affordable Rent' regime. We now expect the rented properties to be ready for occupation by the end of the calendar year with the shared ownership properties being completed in the early part of 2015.

The Hastoe scheme at Queen Camel is in conjunction with the Community Land Trust (CLT) with subsidy arising from the HCA community led budget. The scheme is currently on site and has been subject to some delays, not least due to the rather interesting archaeology, although we still expect completion this year. When completed the scheme will be both the most recent and the largest rural exceptions scheme delivered in South Somerset.

Whilst unlikely, it remains possible that there may be another acquisition, such as a mortgage rescue or a 'Bought not Built' within Area East before the end of this financial year.

Future Programme Prospects: 2015/16 +

There should 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.

Carbon Emissions & Adapting to Climate Change Implications (NI188)

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.

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 East Affordable Housing Development Programme
Area East Committee – 9th October 2013

Affordable Housing Development Programme
District Executive – 4th September 2014

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

Housing Association	Scheme Name	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	SCC Funding	Level of grant from HCA	Completion
Yarlington	Cumnock Crescent, Ansford	0	12	12	28	£990,800	£0	£0	£0	£990,800	October 2013
Raglan	Mill Lane, Barton St David	13	0	13	13	£209,924	£19,500	£0	£0	£190,424	July 2013
TOTALS		13	12	25	41	£1,200,724	£19,500	£0	£0	£1,180,224	

Appendix B: Combined HCA & SSDC Programme 2014/15

Housing Association	Scheme Name	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	SCC Funding	Level of grant from HCA	Completion
Yarlington	Wheathill Way, Milborne Port	5	2	7	7	£0	£0	£0	£0	£0	March 2015
Hastoe	West Camel Road, Queen Camel (CLT)	16	4	20	20	£868,000	£0	£0	£0	£868,000	March 2015
Raglan	Sparkford Road, Sparkford	7	6	13	13	£179,623	£0	£0	£0	£179,623	February 2015
TOTALS		28	12	40	40	£1,047,623	£0	£0	£0	£1,047,623	