

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 2014/15 in relation to Area East, the position for the current financial year and future prospects.

Recommendation

The Committee are asked to note the outturn position of the Affordable Housing Development Programme for 2014/15, the position for the current financial year and the prospects for the future.

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 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 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 planning obligations obtained under s106 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 8th October 2014 which considered the outturn for the previous financial year (2013/14) and the prospects for the then current financial year (2014/15). Since then an annual update report on the programme has been provided to the District Executive on 1st October 2015. The report to the District Executive gives 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 Chancellors relatively recent announcements imposing an overall reduction in Housing Association rents over the next four years has significantly affected borrowing ability (based on projected rental streams), leading to shortfalls in the funding arrangements for schemes already part way through the pipeline. Further background detail on this aspect can be found in the report that was considered by the District Executive in October 2015.

The Government has begun to promote a new form of Starter Home although these still currently fall outside the definition of affordable housing in the current NPPF. The current drafting of the Housing and Planning Bill (still making its way through parliament as this report was composed) will put a new duty on local authorities to promote Starter Homes. As currently framed a Starter Home will effectively be a discounted market product where the discount is 20% of the market price, repayable if resold within five years and only available to first time buyers under the age of 40. There will also be an overall price cap of £250,000 outside London.

2014/15 Outturn

During 2014/15 twenty-six properties were developed in Area East, the details of which are shown at Appendix A. Both schemes were in rural locations, each delivered by a different Housing Association and each benefiting from capital subsidy provided through the HCA totalling just over £1 million.

The scheme completed by Stonewater in Sparkford arises from a site which had previous planning permission which had not been progressed by the private sector. Stonewater developed one property for open market sale on this site and thirteen homes as affordable – almost evenly split between rented and shared ownership.

The Community Land Trust project in Queen Camel has been completed after several years of bringing to fruition, as the Committee will already be aware. The Queen Camel CLT was the first to form in South Somerset, although not quite the first to complete the homes thanks to several delays, not least including archaeology. These delays caused some concern as Hastoe, the Housing Association working in partnership with the CLT, were under a funding deadline imposed by the HCA to complete the scheme by 31st March 2015. The first thirteen homes were completed within this deadline, allowing Hastoe to claim the funding, but the final seven were handed over during the current financial year (hence this scheme appears in both appendices).

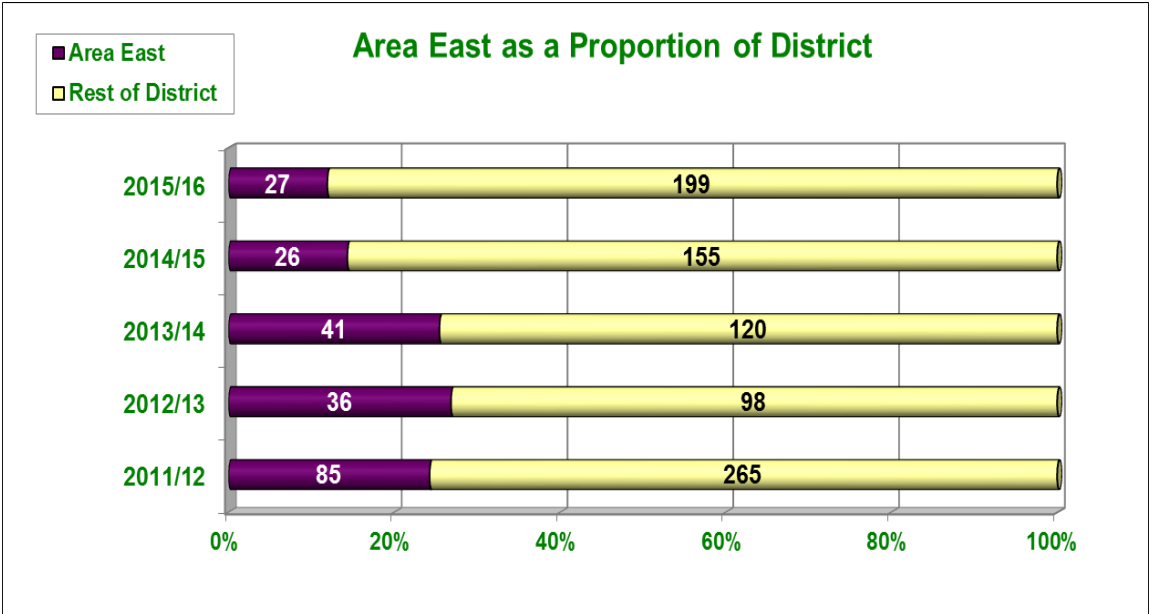
2015/16 programme

Appendix B shows all three schemes underway in Area East during this financial year although one will not complete until 2016/17. All three schemes are in rural locations, delivered by two different Housing Associations. A total of twenty new homes will be produced. One scheme is produced through planning obligations under a s106 Agreement with no further public subsidy and another depends on further capital subsidy.

The Yarlington scheme at South Cadbury has a significant funding issue and remains at risk. This arises from the scheme utilising some funding that was originally allocated to Yarlington to produce homes elsewhere in the district, but the original proposals have fallen through. The reallocated funding will cover the cost of provision of the shared ownership element (two dwellings) but further subsidy is required to cover the cost of provision of the rented dwellings which is subject to a further bid to the HCA. It will not complete in the current financial year but is included in Appendix B for completeness sake.

Longer term view

As previously mentioned, the report made to the District Executive on 1st October 2015 gave more detail in terms of the longer term perspective and the provision of affordable housing across the entire district. The graph below shows the proportion of affordable housing delivered in Area East over the past four years together with the projected proportion for the current financial year.



Future prospects

In addition to the Yarlington scheme at Milborne Port, there are prospects of other schemes coming forward where affordable housing will be produced under a planning obligation (policy HG3 in the Local Plan). Members of the Committee will be aware of several planning applications where such obligations are to be imposed, including the possibility of being imposed by an Inspector when overturning a refusal at appeal. However none of these have been included in this report as, at the time of writing, no Housing Association is under contract on any of these emerging sites and there is no timescale yet in place to be reported.

In recognition of the need to maintain delivery in more rural parts of the district, available capacity within the strategic housing unit has been reprioritised. There is now a part time housing development officer post dedicated to rural schemes and, following internal recruitment, Leisa Kelly joined the team at the start of December in this role (direct line 01935 462641).

Financial Implications

The level of SSDC capital funding is shown in the appendices. However this does not indicate the size of the unallocated programme. 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)

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 now 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 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”

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 – 8th October 2014

Affordable Housing Development Programme
District Executive – 1st October 2015

Appendix A: Combined HCA & SSDC Programme 2014/15 - Outturn

Housing Association	Scheme Name	Rent	Shared Ownership/	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
Hastoe	West Camel Road, Queen Camel (CLT)	13	0	13	13	£868,000	£0	£0	£0	£868,000	March 2015
Stonewater	Sparkford Road, Sparkford	7	6	13	13	£179,623	£0	£0	£0	£179,623	March 2015
TOTAL		20	6	26	26	£1,047,623	£0	£0	£0	£1,047,623	

Appendix B: Combined HCA & SSDC Programme 2015/16

Housing Association	Scheme Name	Rent	Shared Ownership/	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	Anticipated Completion
Yarlington	Wheathill Way, Milborne Port	5	2	7	7	£0	£0	£0	£0	£0	October 2015
Hastoe	West Camel Road, Queen Camel (CLT)	3	4	7	7	£0	£0	£0	£0	£0	June 2015
Yarlington	South Cadbury	4	2	6	6	tbc	£0	£0	£0	tbc	January 2017
TOTAL		12	8	20	20	tbc	£0	£0	£0	tbc	