

Joint Area North Committee – 25<sup>th</sup> February 2009

## 8. Area North Affordable Housing Development Programme

*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 final position of the Affordable Housing Development Programme for 2006/08 and to note the current programme for 2008/11 in relation to Area North.

### Recommendation

The Committee are asked to note the current position of the Social Housing Development Programme for 2008/11.

### Background

The overall programme is achieved through mixed funding (Social Housing Grant [previously administered by the Housing Corporation, now the Homes and Communities Agency], Local Authority Land, Local Authority Capital, Registered Social Landlord (RSL) 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 RSL partners and the subsidy cost per unit.

Grant funding from the Housing Corporation to RSLs was previously allocated at the beginning of a two-year programme. Previous reports to both District Executive and Area Committees have covered the development programme for the same two-year period. However, there have been various changes to the Social Housing Grant bidding process this year. Instead of the grant being allocated for a two-year period, the Housing Corporation moved to a three year programme with an initial bid round (which allocated 16% indicative funds). This was followed by Regular Market Engagements (RME), which took place every quarter. After two RMEs, the grant bidding process changed again.

As of September 2008, it became continuous. A bidding clinic is held every two weeks and grant decisions are confirmed within four weeks. The Housing Corporation was abolished in December 2008 and we now have the Homes and Communities Agency (HCA) and the Tenant Services Authority (TSA), as established by the Housing and Regeneration Act 2008. The HCA combines English Partnerships; the investment programme of the Housing Corporation; the Academy for Sustainable Communities; and key housing and regeneration programmes currently delivered by Communities and Local Government such as Decent Homes. The TSA has taken over the role of the Housing Corporation's Regulatory function and give tenants a stronger say over how their homes are managed. It has been a very fluid year and further changes are predicted.

## **2006/08 Programme Outturn**

During 2006/07 we saw an outstanding figure of 227 units completed in South Somerset. In 2007/08 this figure reduced to 137, which compared to the rest of the county, is still a good outturn.

South Somerset's excellent performance would not have been achieved without the help and support of our RSL partners. In particular South Somerset Homes have been extremely active and continue to make an enormous contribution to the development of affordable homes in the District.

Since the last development programme update no further schemes were completed in Area North in the 2006/2008 programme.

## **2008/11 Development Programme**

Our RSLs partners entered the bidding round for the 2008/11 programme at the end of last year. They presented their proposed bids to SSDC officers and the Portfolio Holder and the schemes were prioritised according to our established criteria and the availability of SSDC capital funding. SSDC priorities were then discussed with the Housing Corporation and successful grant funding was notified in Spring 2008.

The 2008/11 Development Programme was reported to District Executive for approval in May 2008. As previously mentioned, the Housing Corporation allocated approx 16% of the indicative funds through this initial bid round, but a much higher proportion of our own available capital funding was deployed in joint funding the successful bids.

Since then we have had two RMEs, but funding was not allocated to any further schemes in Area North.

To date there have been two schemes approved and funded in Area North for 2008/11. In addition, further schemes are being worked up for future bids to the HCA, including some RSL partner schemes. So far this year we have seen the completion of two schemes.

At Heale Lane in Curry Rivel, South Somerset Homes have provided an additional two units for shared ownership. The scheme was completed in June 2008 although full occupation not achieved until earlier this month, a reflection of the difficulties all social landlords have encountered with shared ownership recently driven mainly by the new found reluctance of lenders to make suitable mortgages available.

At Lyddons Farm in Curry Mallett, Hastoe Housing have provided a total of six new units, four for rent and two for shared ownership. These properties were completed in January 2009 and the rented properties have now been let. Hastoe Housing are currently working closely with prospective purchasers for the two shared ownership properties.

We are expecting affordable housing units via planning gain on qualifying sites. The chosen RSLs will be bidding for HCA grant to raise the outputs above what can be achieved through planning gain alone, for example converting some of the shared ownership units on these sites into rented units. As all such future schemes are subject to a range of possible delays and blockages (a number of private housing sites have been mothballed in the current economic climate and therefore will not deliver the affordable housing element required), this report concentrates on those where funding is secured and/or building works already underway.

## Financial Implications

The majority of development schemes are undertaken over a two-year period, sometimes even longer. Payment to RSL's is undertaken in tranches and not until the site is fully completed will the final payment be made.

	£
Balance b/f from Housing Reserve Allocation	481,000
SSDC Capital Funding (2008/09, 2009/10 & 2010/11)	2,138,000
Regional Housing Board Grant (2008/09 & 2009/10)	959,000
<b>Totals</b>	<b>3,578,000</b>
Allocations in May 08 by DX (amended by Qtr 1 & 2 Capital Monitoring Reports)	1,485,000
Allocations agreed by Portfolio Holder January 09	893,000
<b>Balance remaining for 2009/11</b>	<b>1,200,000</b>

Any grant award likely in 2009/10 and 2010/11 from the Regional Housing Board is unknown at present.

The 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 development and delivery of more affordable housing contributes directly towards the following key target areas in the newly adopted Corporate Plan:

- o With partners, enable the building of 597 affordable housing units by 2011 (Corporate Plan 3.2; SCS Action 26; LAA - NI 155)
- o Increase the net additional homes provided (Corporate Plan 3.3; LAA - NI 154)
- o With partners, enable the development of 4 housing schemes in rural communities by 2012 (Corporate Plan 3.4; SCS Action 26.1)

And indirectly towards

- o Reduce the number of households living in temporary accommodation (Corporate Plan 3.6; NI 156)

## Other Implications

None.

**Background Papers:** *District Executive agenda and minutes - May 2008.*