

Area West Committee – 19th November 2008

9. Affordable Housing Development Programme

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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.

Recommendation

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

Background

The overall programme is achieved through mixed funding (Housing Corporation (HC) Grant, 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 HC to RSLs was previously allocated at the beginning of a two-year programme. This report therefore, has previously covered the development programme for the same two-year period. However, there have been various changes to the HC grant bidding process this year. Instead of the grant being allocated for a two-year period, the HC 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. The HC now hold a bidding clinic every two weeks and aim to confirm grant decisions within four weeks. It has been a very fluid year and further changes are predicted as the HC is about to be abolished. As of December 2008, we will have the Homes and Communities Agency and the Tenant Services Agency, as established by the Housing and Regeneration Act 2008. The Homes and Communities Agency will combine English Partnerships; the investment programme of the HC; the Academy for Sustainable Communities; and key housing and regeneration programmes currently delivered by Communities and Local Government such as Decent Homes. The Tenant Services Authority will take over the role of the HC's Regulatory function and give tenants a stronger say over how their homes are managed.

2006/08 Programme Outturn

An update on the development programme for 2006/08 for Area West is depicted in the appendix attached at page 25.

During 2006/07 we saw an outstanding figure of 153 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 for 2006/08 was provided, Area West saw two more phases of the Jocelyn Park site in Chard completed. This provided a further eighteen units.

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 HC and successful grant funding was notified in Spring 2008. The 2008/11 Development Programme was reported to District Executive for approval in May this year.

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

The appendix shows approved schemes in the pipeline for Area West for 2008/11. In addition, further schemes are being worked up for future bids to the HC, including some RSL partner schemes. For example, Raglan Housing Association has some schemes in Area West, which are currently at design stage.

We are also expecting affordable housing units via planning gain on the key sites. The chosen RSLs will be bidding for HC grant to convert some of the shared ownership units on these sites into rented units.

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)	1,800,000
Regional Housing Board Grant for 2008/09	444,000
Totals	2,725,000
Allocations in May 08 by DX (amended by Qtr 1 & 2 Capital Monitoring Reports)	1,497,000
Balance remaining for 2009/11	1,228,000

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.

It is anticipated that the proposed completions for 2008/10 will be 128 for the two year period. However this may increase or fluctuate dependent on many factors. It should also be noted that it is possible that some key sites may commence development in this period and therefore additional funding may be required if the viability of the site does not furnish the required 35% affordable housing.

Implications for Corporate Priorities

This investment is fundamental to developing affordable housing and thus reducing homelessness and the reliance upon bed and breakfast. Specifically the achievement of objective twelve in the Corporate Plan and the critical activity (ref page 29):

“Working with partners, enable at least an additional 50 units of social housing per annum, starting from 2006/07”.

Other Implications

None.

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