

## 9. 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 2012/13, the provisional outturn for 2013/14 and the planned programme for 2014/15 in relation to Area West.

### Recommendation

The Committee are asked to note the outturn position of the Affordable Housing Development Programme for 2012/13, the provisional outturn for 2013/14 and the planned programme for 2014/15.

### Public Interest

This report covers the provision of affordable housing in Area West over the past year, during the current year and anticipates the likely delivery of affordable homes during next financial year. 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 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 West Committee on 17<sup>th</sup> October 2012 which considered the outturn for the previous financial year (2011/12) and the prospects for the future. An annual update report on the programme was provided to the District Executive on 1<sup>st</sup> August 2013, this provided additional commentary on the programme over a longer period and gave some analysis of the different rent regimes which have arisen within the social sector.

Housing Associations are currently working to a four year contract with the HCA, this currently being the third year. Unlike previous HCA (& Housing Corporation) programmes (which tended to be three years), the terms of the current contract are for all new homes to be completed before the end of the period (i.e. before the end of March 2015). In previous programmes the expectation was for all qualifying sites to have commenced before the end of the period, with, typically, a significant proportion of the dwellings being completed in the following year (e.g. year four of a three year programme).

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.

There is less certainty about the precise timing of any such obligated affordable housing as developers will only bring forward sites at a time and a pace that suits their view of current market conditions, i.e. dictated by the specific economics of the site.

### **2012/13 Outturn**

The outturn of the combined HCA & SSDC funded programme for 2012/13 for Area West is shown in the first section of Appendix A. It is unusual in consisting of a single ("bought not built") acquisition and just one site which was a redevelopment of an existing Yarlington site, producing a net gain of just nine homes. Kenn Close, Chard was the last of the former council PRC estates in Area West, and one of the last in the entire district. Redevelopment allowed for an increased number of dwellings (a net gain of eight) whilst also fulfilling 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 replacement. Following completions of other such sites, in Yeovil and Castle Cary, there are now no remaining PRC dwellings owned by Yarlington in the district.

### **2013/14 Provisional Outturn**

The provisional outturn of the combined HCA & SSDC funded programme for 2013/14 for Area West is shown in the second section of Appendix A.

The last report to the Area West Committee (17th October 2012) anticipated a further sixty seven homes in total on site during 2012/13 on two other sites, both in Chard and both with Raglan Housing Association. The first phase of the site at Great Western Road completed in June 2013 and the second phase is now anticipated to complete in April 2014. These phases are reported in the appendices – in the second part of appendix A and in appendix B respectively. The first phase produced forty six new homes, of which

thirty-two are for rent, under the Affordable Rent regime, benefiting from just over £800,000 public subsidy from the HCA.

Whilst unlikely, it remains possible that there may be another acquisition, such as a mortgage rescue or a 'Bought not Built' within Area West before the end of this financial year. Otherwise there are no other anticipated completions and this report can effectively cover this years outturn.

### **2014/15 Planned Programme**

The combined HCA & SSDC funded programme as currently planned for 2014/15 for Area West is shown in Appendix B.

This includes ten homes to be delivered by Yarlinton in conjunction with the Norton-sub-Hamdon Community Land Trust because, as previously reported, the site lies within the parish of Chiselborough, albeit immediately adjacent existing dwellings within the parish of Norton-sub-Hamdon. This scheme benefits from £420,000 public subsidy made available by the HCA from their specific community-led fund. Although not part of the four year contract that Yarlinton have entered into with the HCA for their mainstream funding, the scheme is subject to the same absolute deadline of completion before the end of March 2015 and so must be delivered within the next financial year.

It also includes six homes for a proposed scheme at Horton, to be delivered by Hastoe Housing Association. Although funding has been secured for this proposed scheme, it is still subject to obtaining appropriate planning permission. This scheme is discussed further in the section on rural housing needs below.

Otherwise the expected programme consists of four different sites, all in Chard, totalling eighty-two new dwellings to be delivered by three different Housing Associations.

This includes the second phase of Raglan's site at Great Western Road, which is now anticipated to deliver the last ten dwellings in April 2014 with the benefit of £460,000 subsidy from the District Council.

The other scheme due to be delivered by Raglan is at Rosebank, Millfield Road. The last report to the Area West Committee (17th October 2012) anticipated twelve new dwellings at East Street with Raglan, utilising £488,000 of capital subsidy from the District Council. Since then the proposal at East Street has fallen through and in April this year the Portfolio Holder approved the effective transfer of funding to an alternative site brought forward by Raglan. The Rosebank scheme will produce ten dwellings for rent at a slightly different property mix, including a 4-bedroom house and two 3-bedroom houses whereas the East Street scheme would have provided entirely 2-bedroom dwellings. Because it is funded by the District Council it is not subject to the same delivery deadline but it is currently anticipated to complete in October 2014.

Knightstone Housing Association has commenced a new scheme at Furnham Road which was not anticipated in the previous report last autumn. This scheme is immediately adjacent a proposed care home and will produce forty-one new homes utilising almost £1m in public subsidy from the HCA. The allocation of funds arises from other schemes, outside South Somerset, originally cited in Knightstone's bid for four year contract falling through. Once again South Somerset has benefitted from 'slippage' elsewhere, this time as a result of the expectation that all homes will be completed before the end of the four year period. Ten dwellings on this site will be provided on a shared ownership basis and the remaining thirty-one as rented dwellings on the Affordable Rent regime.

The Yarlinton scheme at Mitchell Gardens is predicted to complete within the 2014/15 year and is produced through planning obligations alone on a broader site brought forward by Redrow Homes which was originally refused planning permission by this Committee. However, Redrow went to appeal and were granted permission, despite the Council's wish to concentrate new residential development within the proposed key site area. The advantage of Redrow winning their appeal on this site is that it does not have any viability issues associated with other sites and thus we can expect the full 35% affordable housing through planning obligations. In accordance with the policy two thirds (14) of the new Yarlinton dwellings will be provided on the social rent regime and one third (7) will be available as shared ownership.

### **Comparison of outcome rents**

Appendix C shows some comparative figures for the expected outcome rents for those schemes currently on site in Chard. Members may wish to reference the report made to the District Executive on 1<sup>st</sup> August this year for greater context. In general the emerging picture is complex since the introduction of Affordable Rent, which will be the predominant regime for the properties currently being constructed in Chard. The appendix shows the current predicted rents, although there is some variation due to expected completion date and the commencement of a new rent year in April 2014. The average social rent and average Affordable Rent figures are both based on existing stock with prices set for the 2013/14 rent year. The Hybrid Model is also a district wide average and is shown for guidance only, it was originally set last year and has not been updated since. In general those schemes being brought forward under the Affordable Rent regime are predicted to have initial outcome rents within the Hybrid Model. This is thought to be largely due to these parts of Chard generally having lower valuations than the district wide average.

### **Future prospects**

There is the possibility of further homes arising through planning obligations, but it is most likely that the completion of any such further schemes would fall into 2015/16 and beyond. In particular other planning applications are now coming forward in Chard on qualifying sites, each of which should produce up to 35% affordable housing. Where sites fall short of the full requirement, grant may be sought from either the Council or the HCA to supplement the amount of affordable housing produced through planning obligation alone.

Regretfully there are still no real indications on when the Crewkerne key site may come forward and begin to produce some affordable housing through planning obligation alone.

### **Rural Housing Needs – revised Action Plan & proposed scheme at Horton**

Members of the Committee may recall that the report on the affordable housing programme on 21<sup>st</sup> September 2011 referred to the (then) recently adopted Rural Housing Action Plan. This plan has recently been reviewed and revised and the 2013/14 Rural Housing Action Plan was approved by the Portfolio Holder earlier this year. It is included here as Appendix D.

Attention should be drawn in particular to the final appendix in the Plan, beginning on page 20, which sets out parish specific action. Since this revision of the Plan was adopted, we have seen the completion of local surveys in two villages in Area West. In

one case the survey results did not show sufficient need to progress to a potential site, in the other case a small amount of need has been identified but there is no indication that the Parish Council wish to proceed.

A potential scheme in Horton has progressed since the Plan was revised. A local survey of housing needs in Horton was undertaken and results published in September 2010. This established a need for four additional dwellings and initially this was regarded as too small a number to make an exceptions scheme economical viable without taking into account the identified need in neighbouring parishes. A review of the number of households on the housing register in May 2013 showed that six households had identified Horton as their first choice of parish.

Hastoe Housing Association have now agreed acquisition of a small piece of land from the County Council immediately adjacent their existing development at Pottery View, Shave Lane. Hastoe have designed a scheme of potentially six dwellings and are yet to secure planning permission. Hastoe have bid to the HCA for funds towards this scheme and secured £129,996 on the basis that the Council will forward fund the land acquisition. An allocation of £48,000 has been made from our rural housing contingency fund, making a total public subsidy of £177,996.

### **Affordable Housing Day**

On the 24<sup>th</sup> September the Housing Development Officer, Jo Calvert, organised an affordable housing event in the Guildhall, Chard which was open to the public between 3 & 7 pm. It was advertised widely, including an advertisement in both the Western Gazette and the Chard & Ilminster News. Letters were sent to every household registered on Homefinder Somerset for rehousing in South Somerset and a notice posted on the Homefinder website. Over two hundred members of the public attended.

There were 21 exhibitors, including:

Housing Associations (our five main partners)

Private sector developers

Architects

Mortgage advisors

South West Homes (the HCA's appointed 'Homebuy' and 'Help to Buy' agent)

The Queen Camel CLT (representing Community Land Trusts in general)

The crime reduction PCSO

The Fire & Rescue Service (promoting use and maintenance of smoke alarms)

and various council teams covering benefits, housing options and environmental health

The event covered affordable housing across the district but was focussed on Chard, in particular highlighting the various sites referred to in this report. Over two hundred members of the public dropped in and we understand from exhibitors that there were a lot of fruitful discussions.

A charge made for half of the exhibitors towards costs, no charge was made to Council, Police or Fire teams. Otherwise the cost of the event was entirely met by contributions from our five main Housing Association partners (who were not separately charged for a stand). The cost to the council was entirely in staff time.

### **Financial Implications**

The level of SSDC capital funding is shown in the appendix. However this does not indicate the size of the unallocated programme, including the newly created 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 West Affordable Housing Development Programme  
Area West Committee – 17<sup>th</sup> October 2012  
Affordable Housing Development Programme: Millfield, Chard  
(report to Portfolio Holder)  
Executive Bulletins no.s 571 & 572 – 19<sup>th</sup> & 26<sup>th</sup> April 2013  
Affordable Housing Development Programme  
District Executive – 1<sup>st</sup> August 2013  
Approval of the Rural Housing Action Plan 2013/14 (report to  
Portfolio Holder)  
Executive Bulletins no.s 578 & 579 - 7<sup>th</sup> & 14<sup>th</sup> June 2013  
Affordable Housing Development Programme: Rural Exception  
Scheme at Horton (report to Portfolio Holder)  
Executive Bulletins no.s 597 & 598 - 18<sup>th</sup> & 25<sup>th</sup> October 2013

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