

Affordable Housing Development Programme

Strategic Director: Rina Singh (Place & Performance)
Assistant Director: Martin Woods (Economy)
Service Manager: 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 West 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 West 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 West Committee on 11th December 2013 which considered the outturn for the previous financial year (2012/13) and the effective outturn 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 West for the last financial year is shown at Appendix A. A total of 50 new homes were created in Chard on two different sites, both of which are due to deliver further properties during the current financial year.

Raglan's scheme at Great Western Road was reported to the Area West Committee in December 2013, with the forty six properties on phase one having been completed before the date of that Committee meeting.

However Yarlington also gained ownership of the first four properties at Mitchell Gardens before the end of the financial year. Members of the Committee may recall that this site was initially refused planning permission but following a successful appeal by Redrow the full 35% affordable housing was secured under the relevant planning obligation.

Taken together these two sites represent the greatest gain in 'general needs' housing in Chard for many years, the previous high point being 62 in the financial year 2010/11 but that being the completion of 'Bishops Court' by Yarlington – a newly created sheltered scheme as part of the Jocelyn Park redevelopment.

2014/15 Current Programme

The programme for the current financial year is shown at Appendix B. Eight schemes are underway in four different settlements, involving four different Housing Associations. A total of 120 new homes will be produced, the largest annual total for Area West in recent years, possibly ever. Of these 83 will be in Chard, also the largest annual total in recent years, possibly ever.

Just over a fifth of these new homes will be for shared ownership and just over a quarter of the rented properties will be let on the (lower) social rent regime with the majority being let on 'Affordable Rents' (up to 80% prevailing market rent).

Two of these sites – the remainder of the Mitchell Gardens scheme in Chard and the Canal Way scheme in Ilminster – will be producing affordable housing through planning obligation alone, a total of forty new homes. It is these two sites which are producing the social rented properties, as determined by the relevant planning policy.

The two Raglan new build schemes in Chard – the second phase of Great Western Road and the scheme at Rosebank, Millfield – are being delivered using grant from the Homes and Communities Agency but in both cases the schemes were made possible by grant initially being awarded by the District Council. Following the award of central grant through the HCA, the District Council funding was largely ‘de-allocated’ by the District executive when it met on 4th September.

The third Raglan scheme in Chard is conversion of the former working men’s club into five flats – one of which will be two bedroomed, the other four one bedroom. In addition to creating new homes, this scheme will bring a prominent empty property back into use.

As previously reported, the Yarlington and CLT scheme at Norton sub Hamdon is reported here because the site straddles the parish (and thus the Area) boundaries, being mainly within the parish of Chisleborough. Even if this scheme is netted off, the expected delivery of 105 new homes is still the largest annual total for Area West in recent years.

Although four dwellings are reported here in Crewkerne, only two of these are new homes, the other two being acquisitions from within the private sector stock. All four are being delivered by Yarlington, with the two new build homes being on land at Hardy Court adjacent Yarlington’s previous development there.

Whilst, taken together with the previous few years, the expected delivery during 2014/15 goes a long way to redress the balance in terms of new affordable housing in Chard, the same cannot be said of Crewkerne. Unless there is some movement on the proposed key site, it would appear that Crewkerne has become the location of greatest mismatch between demand and supply in Area West.

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.

Future Programme Prospects: 2015/16 +

Future prospects in Area West for 2015/16 and onwards are shown at Appendix C. It should be noted that only those schemes with funding secured, either from the HCA or the District Council, are shown here.

There could 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.

Of particular note is the award of HCA grant to Hastoe to create another six new homes at Shave Lane, Horton on land they are acquiring from the County Council immediately adjacent to their existing development. In a departure from previous practice the HCA have awarded grant from the 2015-18 programme prior to full planning permission being in place.

Yarlington also submitted a bid to the HCA for six dwellings at Broadway Farm, Merriott which was, initially, rejected. The District Executive, meeting in September 2014, approved an award of grant from the Councils rural contingency fund of £240,000 subject to appropriate planning permission being obtained. The expectation is that this will act as underwriting the scheme giving Yarlington enough confidence to invest more time into working the scheme up for a new submission to the HCA once the ‘continuous market engagement’ (open ended bid round) begins (anticipated to be later this autumn).

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.

There are no new financial implications arising from this report.

Carbon Emissions & Climate Change Implications

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 – 11th December 2013
Affordable Housing Development Programme:
Bought not Built Properties, Crewkerne
Executive Bulletin nos. 629 & 630, 13th & 20th June 2014
Affordable Housing Development Programme
District Executive – 4th September 2014

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

	HA	Scheme Name	Social Rent	Affordable Rent	Shared Ownership/ Intermediate	Net Gain New Homes	Total Homes for NI 155 purposes	Total Grant	Level of grant from SSDC	SDC land allocation value	Level of grant from HCA	Planning Obligation	completion
Chard	Raglan	Great Western Road	0	32	14	46	46	£801,943	£0	£0	£801,943		Jun-13
	Yarlington	Mitchell Gardens*	0	0	4	4	4	£0	£0	£0	£0	✓	
Totals			0	32	18	50	50	£801,943	£0	£0	£801,943	4	

Appendix B: Expected Combined HCA & SSDC Programme 2014/15

Chard	Knightstone	Furnham Road	0	31	10	41	41	£950,000	£0	£0	£950,000		Dec-14
	Raglan	Great Western Road, Phase 2	0	10	0	10	10	£236,579	£0	£0	£236,579		Jun-14
	Raglan	Rosebank, Millfield Road	0	10	0	10	10	£325,786	£88,000	£0	£237,786		Mar-15
	Raglan	Working Men's Club	0	5	0	5	5	tbc	£0	£0	tbc		Mar-15
	Yarlington	Mitchell Gardens*	14	0	3	17	17	£0	£0	£0	£0	✓	Feb-15
Crewkerne	Yarlington	Purchase & Repair	0	1	1	2	2	£169,000	£89,000	£0	£80,000		Mar-15
	Yarlington	Hardy Court	0	2	0	2	2	£80,090	£0	£0	£80,090		Mar-15
Ilminster	Aster	Canal Way	11	4	8	23	23	£0	£0	£0	£0	✓	Jan-15
Rural (population below 3,000)	Yarlington	Minchington Close, Norton-Sub-Hamdon (CLT)**	0	8	2	10	10	£420,000	£0	£0	£420,000		Sep-14
Totals			25	71	24	120	120	£2,181,365	£177,000	£0	£2,004,365	40	

*Completions at Mitchell gardens straddle financial years

**Site actually within Chisleborough, hence inclusion in this report

Appendix C: Proposed Combined HCA & SSDC Programme 2015/16 +

	HA	Scheme Name	Social Rent	Affordable 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	Level of grant from HCA	Planning Obligation	Anticipated completion
Chard	Knightstone	Furnham Road, Phase II	0	9	0	9	9	£302,334	£0	£34,000	£268,334		Dec-15
	Yarlington	YHG Land (Millfield)	0	4	2	6	6	£166,000	£0	£0	£166,000		2016
Rural (population below 3,000)	Hastoe	Shave Lane, Horton	0	6	0	6	6	£177,996	£48,000	£0	£129,996		2016
	Yarlington	Broadway Farm, Merriott	0	6	0	6	6	£240,000	£240,000	£0	£0		2016
		Totals	0	25	2	27	27	£886,330	£288,000	£34,000	£564,330		