

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 outturn position of the Affordable Housing Development Programme for 2016/17 and 2017/18 in relation to Area West and future prospects.

Recommendation

The Committee are asked to note the outturn position of the Affordable Housing Development Programme for the two years 2016/17 & 2017/18 and the prospects for the future.

Public Interest

This report covers the provision of affordable housing in Area West over the previous two financial years and anticipates the likely delivery of more affordable homes being constructed or acquired 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 it's 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 and discounted market 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 Homes England – formerly 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 made to the Area West Committee on 15th February 2017 which considered the outturn for the previous financial year (2015/16) and the provisional outturn for the then current

financial year (2016/17). Since then an annual update report on the programme has been provided to the District Executive on 6th July 2017. 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 developer's 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 Housing and Planning Act 2016 introduced the Government's proposal of 'Starter Homes' as an alternative form of provision to 'traditional' Affordable Housing. However the regulations required to complete the definition of 'Starter Homes' are still to be issued.

2016/17 & 2017/18 Outturn

As anticipated in the report last February, we have been in the unusual position of all previous schemes being completed (by the end of 2015/16) and all proposed, pipeline schemes being precisely that (with the inherent dangers of further stalling or non-completion) rather than commencing during the period. At the time of submitting this report there are no Housing Associations under contract with a private developer to deliver the affordable housing element due under planning obligation on any qualifying site in Area West.

There has, however, been an acquisition of a single dwelling by Magna Housing in Chard. This was completed on 25th April 2017 (thus falling, just, into 2017/18) and was subsidised with £37,000 of grant from the Council.

Yarlington disposals

The Committee will be aware that the volume of disposals undertaken by Yarlington as a result of the various changes imposed on the sector by Government as discussed by a Scrutiny Task & Finish group. In particular concerns have been raised about the disproportionate effect of such disposals on rural housing.

Since February 2017 there have been three more proposed disposals in Area West – one each in Wayford, Ilminster and Dowlish Wake - out of a total of eight across the district. It remains the case that we are unaware of any proposed disposal being withdrawn following consultation.

Community Led Housing Fund

Members may recall a meeting held at Horton Village Hall on the afternoon of 20th July 2017, to describe to representatives of Parish Councils the possibilities of community led housing. This included a presentation from the Wessex CLT Project and from existing Community Land Trust members, highlighting the two successful schemes already completed in South Somerset at Norton-sub-Hamdon and Queen Camel. Similar meetings were held in other parts of the District.

As part of the 2016 Budget, a £60 million fund was announced to support community-led housing developments in areas "where the impact of second homes is particularly acute." The allocation for South Somerset District Council was set at £263,222. A brief discussion paper, including a draft outline plan, was put forward to the portfolio holder discussion group meeting that was held on Friday 10th February 2017. Following that funds were set aside from our allocation to run the promotional events referred to above and to create grant pots to both assist Parish Councils and other local groups

undertake detailed housing surveys and to assist fledging community led groups, such as Community Land Trusts, with basic set up costs.

The Government have confirmed that the second tranche of funding is now being channelled through Homes England and subject to competitive bidding. The chief purpose of our outline plan was to encourage sufficient interest and enable local groups to develop 'shovel-ready' proposals that could then bid into this anticipated second round of funding.

In Area West both Winsham and Merriott have been allocated money from the fund to undertake a local needs survey.

Future prospects

Members of the Committee will be aware of a number of sites where, were they to be built out by the main developer, further affordable housing is due. There could also 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. Members will also be aware that there is often a delay between the grant of planning permission and the commencement of such developments, not least exemplified by the Crewkerne key site.

There are, however, four housing association led schemes in Area West which have been allocated over £ 1 ¾ million in grant from the Council and just under £ ½ million in grant from Homes England. These are detailed in the appendix. Three are subject to planning permission and two are not likely to begin to deliver completed homes until 2019/20. If all four schemes proceed successfully there will be a total of at least a further 70 homes, delivered by three different housing associations in three different settlements

Stonewater responded to our overtures to all Housing Association partners to find sites in Crewkerne, given that this is now the settlement in the district with the greatest gap between expressed demand and new delivery, mainly thanks to the continued stalling of the key site. In September 2016 the District Executive allocated just over £1 million to bring forward 40 new dwellings with a major scheme at North Street in Crewkerne, This allocation was made on the caveats that alternative funding is sought from Homes England and subject to appropriate planning permission. Stonewater's agents submitted a revised planning application, increasing the size of the substantive site and the number of dwellings that can be achieved, which was refused. They have since lodged an appeal and a date has not yet been set for this to be heard by the Planning Inspectorate.

Funds were allocated to the proposed Yarlinton scheme in Misterton by the District Executive in October 2015, again in the expectation that this would be underwriting the scheme whilst they submitted a grant application to Homes England. Members will recall the need to produce at least 10 homes for rent following the loss of any obligated housing on the Betterment site elsewhere in Misterton. The allocation is for the initial 17 dwellings of which 11 are expected to be for social rent. However since the last report Yarlinton are yet to submit a planning application for the site, despite having the funding allocation confirmed 2 ½ years ago.

Members may recall the Knightstone scheme for the creation of nine new dwellings for rent at Jarman Way. There were further difficulties with land ownership on this site, including an unauthorised encroachment by a neighbour onto the land which the Council had agreed to sell to Knightstone in order to achieve this scheme. These have now been resolved and Knightstone are anticipating an immediate start on site. The scheme is being subsidised by both Homes England and the Council on a 2:1 ratio, but the land is not being transferred at a nil-value or subsidised cost so the value will return to the Council. Members shall also wish to note that, as from 5th March 2018, Knightstone formally merged with DCH to create a new Housing Association called Liverty.

Finally the portfolio holder has allocated further funding to Stonewater to create four new two-bedroomed dwellings on land at the rear of the former Chard Working Men's Club. Members will recall that one of the advantages of funding the original conversion scheme was the opportunity of land assembly between the former Club building and the existing neighbouring Stonewater scheme. Stonewater intend to develop these new homes using an off-site manufacturing method – bringing the component parts onto site for assembly and thus reducing the on-site construction time by a considerable margin.

Financial Implications

The funding shown against each proposed scheme in the appendix has been allocated by the District Executive or the Portfolio Holder as described in the main text of the report above, but does not include the contingency funds held back for other allocations. The main contingency funding has traditionally been held back to meet operational requirements, such as “Bought not Built” for larger families, mortgage rescue and disabled adaptations specifically designed for clients where opportunities do not exist in the current stock.

Carbon Emissions & Climate Change Implications

Previously all affordable housing in receipt of public subsidy, whether through the (former) HCA or from the Council, had to achieve the minimum code three rating within the Code for Sustainable Homes. The HCA 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 Homes England 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 under “Homes” and in particular meets the stated aim:

“To work with partners to enable the provision of housing that meets the future and existing needs of residents and employers.”

Privacy Impact Assessment

This report does not directly impact on any data held of a personal nature.

- Background Papers:**
- Area West Affordable Housing Development Programme Area West Committee – 16th February 2017
 - Community Led Housing: Outline Plan (Report to Portfolio Holder) - 24th February 2017
 - Affordable Housing Development Programme: Scheme at rear of former

- Chard Working Men's Club (report to Portfolio Holder) - 11th May 2017
- (Report from) Overview and Scrutiny Committee - Disposal of third party properties - District Executive – 1st June 2017
 - Affordable Housing Development Programme - District Executive – 6th July 2017
-

Appendix: Proposed Combined HCA & SSDC Programme 2018/19+

	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 Homes England	Planning Obligation
Chard	Liverty	Jarman Way*	0	9	0	9	9	£605,000	£200,000	£0**	£405,000	No
	Stonewater	r/o Chard Working Mens Club	0	4	0	4	4	£216,000	£216,000	£0	£0	No
Crewkerne	Stonewater	North Street*	0	28	12	40	40	£1,040,000	£1,040,000	£0	£0	No
Rural (population below 3,000)	Yarlington	Misterton*	11	0	6	17	17	£396,661	£396,661	£0	£0	No
Totals			11	41	18	70	70	£2,257,661	£1,852,661	£0	£405,000	0

* Subject to planning permission

** Involves transfer of SSDC land but not at a reduced price