

HIGH PEAK BOROUGH COUNCIL

Report to Housing Select Committee

10th September 2015

TITLE:	Affordable Housing Progress Report
EXECUTIVE COUNCILLOR:	Councillor McCabe – Executive Councillor for Housing Services
CONTACT OFFICER:	Pranali Parikh – Regeneration Manager
WARDS INVOLVED:	Non-Specific

Appendices Attached - Appendix 1- Homes and Community Agency allocations since 2006

Appendix 2 – Homes and community Agency Affordable Homes Programme 2015-18

Appendix 3 – S106 agreements negotiated since 2011

Appendix 4 –Home Options information

1. Reason for the Report

- 1.1 To update Councillors and the Executive on the delivery of affordable housing across the borough.

2. Recommendation

- 2.1 That Councillors note the contents of this report and request that officers report back to the committee in due course on options for using the Council's right-to-buy receipts.

3. Executive Summary

- 3.1 The Council has been successful in enabling affordable homes across the borough through either S106 agreements or Homes and Communities Agency funding (HCA). In total;
- 133 homes have been built with HCA funding, a further 82 have been granted funding;
 - 68 homes have been completed through S106 agreements since 2011 with a further 51 homes onsite. A total of 535 homes have been negotiated through S106 agreements with full or outline planning permission.
- 3.2 In addition, through recent changes to legislation there is an opportunity for Councils to develop new council housing by using receipts from sales of

Council-owned properties under the Right to Buy policy. The key reasons to investigate this opportunity are;

- Current levels and housing need across the borough
- The existing sources of delivery against shortfalls of appropriate affordable dwellings
- Gaps in current supply and quality of council accommodation
- Available land and capital resource

4. **How this report links to Corporate Priorities**

- 4.1 The development and provision of affordable housing will help deliver the corporate aim to protect and improve the environment, and specifically to increase the supply of good quality affordable homes

5. **Options and Analysis**

- 5.1 Officers continue to investigate delivery models and identify suitable sites to enable to council to build affordable homes using Right to Buy receipts
Recommended
- 5.2 Officers do not progress work to utilise Right to Buy receipts and the funding is handed back to CLG with the appropriate interest accrued **Not recommended**

6. **Implications**

- 6.1 Community Safety - (Crime and Disorder Act 1998)
There are no specific implications within this report

- 6.2 Workforce
There are no specific implications within this report

- 6.3 Equality and Diversity/Equality Impact Assessment
This report has been prepared in accordance with the Council's Diversity and Equality Policies.

- 6.4 Financial Considerations
There are no specific implications within this report

- 6.5 Legal
The Council's legal team would evaluate the disposal of council owned land in compliance with the Local Government Act 1972: General Disposal Consent 2003. Transfer of land would only take place when all the proper processes and statutory requirements have been complied with.

- 6.6 Sustainability
There are no specific implications within this report.

- 6.7 Internal and External Consultation
Currently there has only been internal consultation between services involved.

6.8 Risk Assessment

A full risk assessment will be undertaken once the delivery mechanism has been identified. However the initial risks associated with building our own stock would be around;

- The local authority planning process
- Availability of resources
- Site constraints
- Lack of community support
- Loss of political support
- Conflict with other registered providers
- Legal challenges

7. **Background and Detail**

Affordable housing delivery methods

- 7.1.1 There are just over 3800 households registered with Home Options who have identified themselves as being in housing need. The Strategic Housing Market Assessment completed in 2014 suggested a need of 526 dwellings per annum to meet the growing demand for affordable housing.
- 7.2 In order to try and meet this identified need, affordable housing is predominantly delivered by one of the following ways,
- With Homes and Communities Agency (HCA) grant given to a Registered Provider
 - Negotiation of a section 106 agreement as part of the planning process
- 7.2 The Council has been successful through both these methods in building affordable housing across the borough. Since 2006 a total of 133 homes have been delivered with HCA grant and a further 82 units have recently received a grant allocation as part of the Affordable Homes Programme 2015-2018. In total 215 homes will have been delivered through HCA funding by the end of 2018. The full development programme is outlined in Appendix one.
- 7.3 The HCA does offer Registered Providers (RPs) the opportunity to bid for additional grants throughout the funding programme. This is known as Continuous Market Engagement. We are working with several registered providers to bring sites forward and attract additional funding into the borough.
- 7.4 Since 2008 the amount of subsidy provided by the HCA has steadily dropped from roughly £60,000-£40,000 per plot to an average of £26,000. Registered Providers (housing associations) borrow money to develop affordable homes based on the income from future rents. However this is insufficient to cover the cost of building the homes and funding from the HCA is intended to fill the gap. This can often still not be enough to make the building of affordable homes viable he HCA look for the Council to provide the missing funds either through capital investment or discounted land.

- 7.5 As grant rates have dropped the HCA have allowed RPs to charge a new higher Affordable Rent which is defined as 80% of market rent. Recently the government has announced as part of the summer budget that RPs must reduce their rents by 1% over the next 4 years. This will have direct implications on the amount of finance they are able to raise for new development and a number of organisations have already cut back their development programmes to enable them time to assess the implications of this policy.
- 7.6 The second method of delivering affordable homes is through S106 agreements. The Council's planning policy states that all developments of 0.5 hectares or developments of 15 dwellings or more are required to provide a 30 percent affordable housing contribution. In rural areas the threshold is reduced to sites of 0.17 hectares or developments of 5 or more. A full list of contributions since 2011 is outlined in Appendix three. Since 2011 a total of 68 affordable homes have been delivered via this method with a further 51 dwellings currently under construction, 112 have full planning approval and 423 dwellings currently have outline planning approval.
- 7.7 The Council is facing the following challenges to the provision of affordable housing;
- HCA grant rates have dropped
 - Proposed 1% rent decrease for the next 4 years will impact on registered providers/ Councils ability to finance new development.
 - Large number of site are gaining outlining planning approval but are not coming forward to reserved matters stage and ultimately delivery onsite.

Role of the Council

- 8.1 The role of the Council will vary depending on which delivery mechanism is being used. Officers and Councillors are involved in negotiating and approving section 106 agreements. In cases where schemes come forward for 100 percent affordable housing the Council is able to offer support to registered providers to bid for funding from the Homes and Communities Agency, offer discounted or free land and financial assist with any shortfall in funding.
- 8.2 Over the last 10 years the Council has given financial support or gifted land on many scheme, some examples are highlighted below.
- 8.3 New Mills
The council transferred 4 small pieces of land to Johnnie Johnson Housing Trust for a nominal fee of £1 which enabled them to build 16 affordable homes attracting £750,000 of HCA funding.
- 8.4 Alders Meadow Chinley
Peak District Rural Housing Association had previously submitted a bid to the HCA but had been informed that their grant rate of £80,000 per unit was too high. The Council provided a £50,000 grant which equated to £5,000 per unit reducing the grant rate to £75,000 per unit, making it more acceptable to the

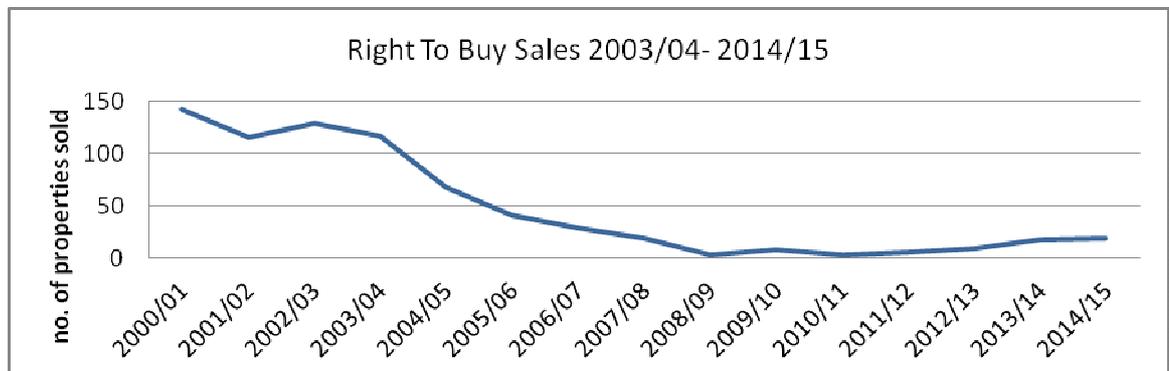
HCA and attracting over £750,000 of funding. This enabled 10 affordable homes to be built on the first rural exception site ever in the High Peak.

Buxton Housing Market Initiative

- 9.1 In addition to the HCA and S106 programme of work, the Buxton Housing Market Initiative project continues to bring empty properties back into use as affordable homes. To date 2 properties and a large house converted into 8 apartments have been brought back into use. All of the properties have been advertised and let through Home Options, where appropriate a local lettings policy has been implemented to ensure a vibrant and sustainable community.
- 9.2 Following the transfer of Peveril House in Buxton to Peaks and Plains Housing Trust back in August 2014 and the subsequent successful planning application in March 2015 it is anticipated that 10 x 1 bed apartments and 1 x 2 bed apartments will be practically complete by March 2016.

Council New Build & Right to Buy Receipts

- 10.1 In 1980 the government introduced the right to buy legislation which allows council tenants to purchase their home for a reduced price. Since 1993 the Council has sold 1,121 properties with the highest number (142) sold in 2000/01. The recent Housing Revenue Account (HRA) reforms and Localism Act have given Councils the opportunity to potentially use additional borrowing capacity and headroom in the HRA to build new council housing.



- 10.2 Current guidance from government means that only 30 per cent of the costs associated with building the properties can be funded from RTB receipts. The Council would have to find the remaining funding from either additional borrowing, headroom in the HRA or form a partnership with another organisation such as an RP.
- 10.3 At the moment there are £365,034 of RTB receipts available for one to one replacement dwellings, this could increase as more properties are sold. To enable the Council to spend the RTB receipts we would need to find the remaining 70 per cent of the build costs which based on the proportion of RTB receipts is £851,747. Presently £704,466 has already been set aside to match the RTB funds.

10.4 There are several delivery options available for the Council to consider and these are listed below.

Vehicle	Form	Investment and return	Issues to consider
Direct development	<p>Council building financed through the HRA or borrowing</p> <p>Financial investment by the council outside of the HRA in the general fund (commuted sums budget or proceeds from sale of assets)</p>	<p>Investment through the HRA or via borrowing up to centrally prescribed cap</p> <p>Council would reduce developments costs by utilising own assets and land holdings</p> <p>Direct return to council through rental income and capital appreciation</p>	<p>Need to undertake a risk and optional appraisal- the investment risk may be offset by the development of a potentially valuable asset</p> <p>Borrowing through the HRA is limited by a centrally set cap.</p> <p>Impacts of borrowing on long term HRA business plan.</p> <p>Council would retain 100% ownership of the properties and increasing stock numbers could increase the value for money of management function</p> <p>As properties would be held in HRA they would be eligible for RTB</p>
Council owned housing company (100% owned council subsidiary)	<p>Power to set up a trading activity established by the well-being power of the Local Government Act 2000 and the Localism Act 2012</p>	<p>Significant Council investment to setup company in addition to developing new homes</p> <p>Direct return to council through rental income and capital appreciation</p>	<p>Investment is offset by the development of a potentially valuable asset</p> <p>Council would need considerable land assets and long term development opportunities to sustain housing company</p> <p>Properties would still be subject to RTB</p>
Joint venture (Council would own between 49-50% of	<p>Council and private commercial venture. Risks and rewards</p>	<p>Council provides land/ funding, partner provides funding</p>	<p>Council would not have overall control of the project</p>

assets and public or private sector partner would retain remaining 50-51%)	are split between the partners	Rewards are split between the partners depending on contract arrangements	Risks are shared but as are the potential rewards Depending on partner, properties may be given on assured short hold tenancy and would be exempt from RTB. This may change with proposal to extend RTB to RPs
Development with Registered Provider	Council investment of land, use of right to but receipts or financial investment to fund new build	Council would contribute 30% of total developments costs in line with 1 for 1 replacement policy. RP would finance remaining 70% of project through borrowing and internal subsidy.	Risks are shared but as are the potential rewards Potential issues around management of new stock as Council has retained landlord function.

- 10.5 Once the implications of the government’s proposed rent reduction policy have been assessed as part of the HRA review, further work will be undertaken to assess what delivery mechanism will offer best value for money on a site by site basis. In the meantime officers are investigating the final option as a way of developing affordable homes using Right-to-Buy receipts.
- 10.6 We are carrying out an evaluation of all our land holding including garage sites to assess development potential. This assessment will also consider maintenance costs, void rates as well as the impact any loss would have on local communities.
- 10.7 As part of the emerging Local Plan several council owned sites have also been identified as possible housing allocations.
- Market Street, Buxton (B7)
 - Tongue Lane, Buxton (B8)
 - Hogshaw, Buxton (B4)
 - Paradise Street, Hadfield (G2)
 - Roughfields, Hadfield (G3)
 - Melandra Castle Road, Gamesley (G25)
- 10.8 In addition to the above list the Council has an expired planning consent for land on Granby Road for up to 104 dwellings.

New Homes Bonus

- 11.1 New Homes Bonus (NHB) is a grant paid by government to local authorities for increasing the number of homes. The NHB award lasts for a period of 6

years and is based on the amount of extra council tax revenue raised for new build homes, conversions and long term empties brought back into use. The Council has thus far been awarded £0 (2011/12), £147,410 (2012/13), £170,950 (2103/14) and £132,600 (2014/15). The awarded for 2015 has been announced as £159,360 and a further £156,540 has been anticipated in 2016/17

- 11.2 There is also an extra payment for providing affordable housing of £3,350 per unit per annum. Affordable housing is defined as social rent, intermediate rent and low cost home ownership and includes both new build and acquisitions.

Housing Need

- 12.1 The government published its latest housing strategy 'Laying the foundations: A Housing Strategy for England' in 2011. The national strategy presents initiatives to increase housing supply, social housing reform, tackle empty homes, strengthen the private rented sector, housing support and improve quality, sustainability and design. It is envisioned this will be achieved primarily through market intervention approaches to increase supply of affordable homes and many of the initiatives are supported by the Localism Act 2011 and Welfare Reform Act 2012.
- 12.2 The strategy specifically states, elderly persons needs will be addressed in the planning system through the facilitation of local solutions and delivery mechanisms for older persons housing where based on robust needs evidence and encourage a range of housing options including Extra Care, retirement and sheltered accommodation schemes, as well as encouragement to build to Lifetime Homes standard.
- 12.3 Of the 133 homes completed since 2006 with HCA funding less than 8% of have been specifically designated as older persons accommodation. Data from Home Options (appendix four) demonstrates the increasing need for this type of accommodation. The Council has stated that the provision of specialist accommodation such as this is a priority.

Dai Lerner
Executive Director

Web Links and Background Papers

Report to older persons accommodation subcommittee- Review of Older persons accommodation in High Peak (September 2013)

Location

Buxton Town Hall

Contact details

Kate Hall
Housing Strategy Officer

Report to Housing
Select- Council
housing development
options (November
2013)

Appendix 1

Home and Communities Agency allocations since 2006

Site name	Number of rented dwellings	Number of shared ownership dwellings	HCA grant Programme
Central Area			
Meadow Close, Dove Holes	2		2006/2007 AHP
Wharf Road, Whaley Bridge	4	2	2006/2007 AHP
Alders Meadow, Chinley	10		2008-2011 AHP
New Street, New Mills	3		2008-2011 AHP
Ollersett Avenue, New Mills	3		2008-2011 AHP
St Georges Road, New Mills	4	4	2008-2011 AHP
St Andrews Walk, New Mills	2		2008-2011 AHP
Long Lane, Chapel en le Frith	22	12	**
Total Central Area	50	18	
Buxton Area			
Ashwood Vale, Fairfield Buxton, Buxton	23		2008-2011 AHP
Total	23		
Glossopdale Area			
Hurdlow Mews, Gamesley	4		2006/2007 AHP
School Close, Tintwistle	7		2006/2007 AHP
Woodlands Close, Tintwistle	3		2008-2011 AHP
Mount Pleasant Church and Hall, Glossop	7	7	2008-2011 AHP
Total Glossopdale Area	21	7	
Peak District National Park			
Castleton Road, Hope	6		2006/2007 AHP
Brentwood Avenue	8		2008-2011 AHP
Total Peak Park	11	3	
Total across borough	108	25	

** Joint venture between Equity Housing Group and Seddons

Appendix 2

Homes and Communities Agency 2015-18 Affordable Homes Programme Allocation

Site	Registered provider	No. of units	Total allocation	Council contribution
Surrey Street, Glossop	Equity Housing Group	52	£1,352,000	£214,956 , bin store land
Site in New Mills	Guinness Partnership	16	£480,000	£0
Victoria Park Road, Buxton	Peak and Plains Housing Trust	14	£350,000	£0
Total		82	£2,182,000	

Appendix 3

S106 agreements negotiated since 2011

S106 signed	Site	Units
Dwellings completed		
19/9/2011	Templemore, Harpur Hill	18 units completed
29/11/2011	Crompton Grove, Buxton	6 units completed
11/12/2012	Swallow House Lane, Hayfield	6 units completed
06/02/2013	York Street, Glossop	5 units completed
09/05/2013	Long Lane Chapel	33 units completed
Development currently on site		
20/03/2012	Manchester/Crossings Road, Chapel en le Frith	32 units secure
22/10/2013	Federal Mogul, Chapel en le Frith	19 units secured, 8 completed to date.
Full planning approval		
21/04/2015	Church Lane, New Mills	24%- 5 units
25/4/2013	Forge Works, Chinley	27 units secured, up to 27 more affordable units as part of phase 2
04/03/2014	North Road, Glossop	45 units secured
21/07/2015	Batham Gate Rd, Peakdale	8 units secured
Outline planning approval		
21/12/2011	Bridge Mills, New Road, Tintwistle	Outline - 30% of up to 81 dwellings (up to 24 affordable units)
04/04/2012	Holehouse Mill, Chisworth	2 units on site
20/12/2012	Land to east of Woolley bridge	Outline – 30% of up to 31 dwellings (up to 9 affordable units)
12/09/2013	Marsh Lane, New Mills	Outline - 30% of up to 29 dwellings (up to 9 affordable units)
31/10/2013	Hallsteads, Dove Holes	Outline - 30% of up to 83 units (up to 25 affordable units)
18/12/2013	South of Long Lane Chapel site B	Outline 30% of up to 105 dwellings – (up to 31 affordable units)
14/01/2014	Dinting Road, Glossop	Outline 30% of up to 93 dwellings (up to 28 affordable units)
04/03/2014	North Road, Glossop	Outline of up to 150 dwellings (up to 45 affordable units)

15/05/2014	Rossington Park	30% of up to 44 units (up to 12 affordable units)
08/08/2014	Manchester Road, Chapel en le Frith	30% of site – fully outline 30% of up to 49 dwellings (up to 15 affordable homes)
03/11/2014	Foxlow Farm, Harpur Hill	30% of up to 375 units (up to 112 affordable dwellings)
12/11/2014	BurLOW Road, Harpur Hill	30% of up to 275 dwellings (up to 83 affordable units)
13/0/2014	Charlestown works, Glossop	Outline- 30% of up to
16/03/2015	Samas Roneo, Gamesley	Outline – 30% of up to 93 dwellings (up to 28 affordable units)
Off site contribution		
21//04/2015	Church Lane, New Mills	£60,750
29/06/2011	Howard Town Mill	£100,000 towards affordable housing

654 total

Appendix 4

Information taken from Home Options

Bedroom need of applicants on the housing register		
Size	No. on register	%
1 bedroom	2352	61%
2 bedroom	992	26%
3 bedroom	427	11%
4 bedroom	97	2%
5+ bedroom	17	>1%
Total	3885	

Age bands	No. on the register	%
Under 25	379	10%
25-39	1482	38%
40-49	723	19%
50-59	528	13%
60+	773	20%
Total	3885	