

Chichester District Council

CABINET

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Affordable Housing Delivery

1. Contacts

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2. Recommendation

- 2.1. That £1.295m commuted sum monies received in lieu of affordable housing be allocated to deliver 43 affordable rented housing units, as detailed in the Appendix.**

3. Background

- 3.1. The Housing Strategy 2013-2018 sets a target to deliver 150 affordable homes through the utilisation of registered provider assets and council funds.
- 3.2. Government priorities now focus on increasing the supply of housing, including low cost home ownership and starter homes. Over the next 5 years there is likely to be an increase in the supply of these homes provided by the housing market. At the same time the supply of affordable rented housing is expected to decline.
- 3.3. The recently approved Housing Strategy review considered the use of commuted sums. It was agreed that commuted sums received in lieu of affordable housing could be used:
- (a) To convert shared ownership to rented units
 - (b) To attract investment to meet specific local needs, e.g. bungalows, disabled units, redevelopment of outdated or difficult to let housing
 - (c) To enable viability of small schemes e.g. rural schemes and schemes with high design costs or additional amenity requirements
 - (d) Where grants would reduce rents to affordable levels, particularly in the case of larger family rented homes.
- 3.4. There is currently £1.33m of commuted sums in the Affordable Housing Grant Fund. These funds are to be used to grant fund affordable housing provided by registered providers and community land trusts.

- 3.5. Bids for commuted sums have been sought from all the Council's registered provider partners.

4. Outcomes to be achieved

- 4.1. Delivery of 43 affordable rented homes, including seven bungalows, designed to meet the needs of local people and contributing to the Council's five year housing supply.
- 4.2. The attraction of associated investment from the Homes and Communities Agency (HCA) of over £1m and our registered provider partners of over £5.5m.

5. Proposal

- 5.1. To allocate £1.295m of commuted sum funds to affordable housing projects as set out in the Appendix. These are mainly small sites which are relatively expensive to deliver and, following the government's rent reduction policy, would not be delivered without financial support from the Council. They include three rural sites, seven garage sites and regeneration of an existing outdated estate. There are also issues of contamination, asbestos removal, moving a sub-station, provision of additional parking and escalating build costs which contribute to the need for additional grant.
- 5.2. All but one of these sites will be developed as 100% affordable housing. Consequently there will be no cross subsidy from shared ownership or market homes and additional subsidy is required if they are to secure grant funding of over £1m from the HCA.
- 5.3. The Lamberts Lane, Midhurst site is a market site providing 6 affordable units. Due to viability issues reflecting government policy on affordable rents, affordable rented housing on this site will only be viable with public subsidy. On that basis officers have negotiated that three out of six of the units be converted from shared ownership to affordable rent to meet local affordable housing needs, subject to grant funding from the council of £30,000 (£10,000 per unit).
- 5.4. Commuted sums received from sites within the South Downs National Park (SDNP) area have been allocated to affordable housing sites within the SDNP area.
- 5.5. Eight out of the ten sites already have planning permission and all but one are expected to deliver the homes by the end of 2017.

6. Alternatives that have been considered

- 6.1. The Housing Strategy review considered all potential affordable housing delivery options and prescribes how these funds should be used as outlined in paragraph 3.3.

7. Resource and legal implications

- 7.1. The Council currently holds £1.33m in commuted sums received in lieu of affordable housing on site. These must be spent on affordable housing delivery

within the specified timescale (stated within the section 106 agreement relating to the donating site). Otherwise the developer may apply to have the agreement varied and the contributions returned. The Appendix details the proposed allocation of £1.295m of commuted sum funds.

- 7.2. All bids have been analysed to ensure they offer value for money in terms of their overall public subsidy requirement. Over the last five years the average commuted sum received in lieu of an affordable housing unit on site has been £70,000-£90,000 per unit. Regarding the allocations set out in the Appendix, the average subsidy requirement from the Council is £30,000 per home and average overall public subsidy requirement is £68,000. It is therefore considered that these projects offer value for money.

8. Consultation

- 8.1. The Housing Strategy review considered the future use of commuted sums. It was informed by discussions with the Chichester Housing Delivery Partnership, the Corporate Management Team and at a Cabinet strategic briefing day. Consultation included the housing operations team, the planning policy team, economic development and other relevant officers.
- 8.2. On 12 January 2016 the Overview and Scrutiny Committee (OSC) considered the Housing Strategy review and recommended to Cabinet that the options for future housing delivery contained therein, together with capital investment, be supported.

9. Community impact and corporate risks

- 9.1. An equalities impact assessment has been undertaken for these proposals and concludes that they will have a positive impact. The proposals will increase the supply of and access to affordable housing, particularly to local households unable to access the market due to low family income.
- 9.2. If planning permission is not secured for the two sites currently without approval, within 12 months, there is sufficient time to re-allocate these funds. The allocation of grant will however give certainty of funding and viability to the registered provider during the costly work up of the schemes.
- 9.3. Payment of grant will be on completion of the units and subject to evidence of contract sum and contractual completion to ensure the funds are spent appropriately.
- 9.4. The spend of all commuted sums is monitored by the Council's Planning Obligations Monitoring and Implementation Officer. Progress of projects and updates on spend are reported to Corporate Governance Committee on an annual basis.

10. Other Implications

Crime & Disorder:		None
Climate Change:		None
Human Rights and Equality Impact: see paragraph 9.1 above	Yes	

Safeguarding and Early Help:		None
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11. Appendix

11.1. Proposed allocation of commuted sums

12. Background Papers

12.1. Equalities impact assessment