

WAVERLEY BOROUGH COUNCIL

EXECUTIVE - 3 NOVEMBER 2009

Title:

**SOCIAL HOUSING GRANT : AFFORDABLE HOUSING
WHARF STREET, GODALMING**

[Portfolio Holder: Cllr Keith Webster]
[Wards Affected: Godalming Wards]

Note pursuant to Section 100B (5) of the Local Government Act 1972

An annexe to this report contains exempt information by virtue of which the public is likely to be excluded during the item to which the report relates, as specified in Paragraph 3 of the revised Part 1 of Schedule 12A to the Local Government Act 1972, namely;-

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Summary and purpose:

This report recommends using monies from the Council's affordable housing capital programme, in order to support the development of nine flats at Wharf Street, Godalming.

These affordable homes for rent will be developed by Pavilion Housing Association and Waverley will be able to nominate applicants from the Council's Housing Needs Register.

How this report relates to the Council's Corporate Priorities:

This report relates to two of the Council's Corporate Priorities namely: **Improving Lives** – Improving the quality of life for all, particularly the more vulnerable within our society; and **Subsidised affordable housing** – Working for more affordable housing to be built and managing council housing well.

Equality and Diversity Implications:

The development will provide nine affordable homes for rent, within the town centre, providing a sustainable location within easy reach of shops, services and transport links.

Resource/Value for Money implications:

The resource implications relate to the application of capital resources held by the Council, which are designated to support the development of affordable housing in Waverley. Council capital resources are required in order to top up a grant from the Homes and Communities Agency (HCA). It is proposed that a capital grant of £135,000 be made to Pavilion Housing Association.

Legal Implications:

The Council will receive nomination rights to these nine homes.

Introduction

1. Earlier this year, the Council (as a Planning Authority) gave planning permission for a development of nine affordable homes at Wharf Street, Godalming. Pavilion Housing Association has acquired the site and has sought capital funding from the Homes and Communities Agency (HCA) to support this development.
2. The proposed development comprises 3 x 1-bedroom and 6 x 2-bedroom flats in the centre of Godalming.

3. There is a clear need for such accommodation, as demonstrated by the Council's Housing Needs Register. Please see Annexe 1 for detailed information about housing need and supply in Godalming.
4. The Homes and Communities Agency has significant pressure on its capital programme, which supports affordable housing. It is asking Registered Social Landlords to make competitive bids for its funding and also to seek 'top-up' funding from partner local authorities.
5. Pavilion Housing Association has secured a grant of £675,000 from the HCA towards this development. This sum is sufficient, along with an element of private finance, for the scheme to be made available on shared-ownership terms. However, the most pressing need from the Council's perspective is affordable housing for rent. In order for the scheme to be financially viable for rent, it will need an additional capital grant injection of £135,000. At the planning committee, members of the Council expressed the wish that the homes might be made available for rent.
6. The Council has capital resources available to support affordable housing developments. These capital resources have arisen from a variety of sources including historic capital receipts and Commuted Sums arising through Section 106 Agreements.
7. Waverley is currently holding £1,335,000 in commuted sums, which have been secured in lieu of affordable housing on site. £255,000 of these funds, if not committed by April 2011 can be reclaimed by the developer(s).
8. Should the Council agree to provide a capital grant of £135,000 towards this scheme the properties will be let on Assured Tenancies and the rent charged will be between £91.73 and £108.40 pw for each of the nine homes. This is within Tenant Services Authority Target Rent Levels.
9. The association will also be using private finance to help fund the development but requires £135,000 of subsidy from the Council to fund the balance of the scheme (see Exempt Annexe 2). This works out at a subsidy from Waverley of £15,000 per rented unit.

Financial Implications

10. In the past, the Council has made capital grant available to Registered Social Landlords to support the provision of new affordable housing – which is a Corporate Priority of the Council. The Council has powers to make available grant to RSLs under the Local Government Act 1988 Section 25.
11. Waverley currently has some £3 million of funds, which previous administrations have ear-marked to support the provision of more affordable housing. These resources have arisen from commuted sums and historic capital receipts. Part of the £3 million is a S106 receipt of £255,000. Part of this sum could be used to support this project.
12. If Waverley were to make a financial contribution to this scheme, it would bring the total public subsidy to £90,000 per property (£15,000 from Waverley and £75,000 from the HCA per property). Two current schemes in Waverley supported by the HCA– Wrecclesham Road, Farnham; and Expedier House, Hindhead have secured HCA grant-funding of £90,000 and £82,143 respectively.

Conclusion

13. A capital contribution of £135,000 from the Council would support the development of nine affordable flats for rent to which the Council would have nomination rights to help local households in housing need.
14. Given the lack of affordable housing development in Godalming for some years, this scheme offers an opportunity to provide housing for rent. Combined with private finance and HCA grant, the project represents good value for money for the Council.
15. Without Council subsidy, the homes will have to be provided as shared ownership, which will not go towards meeting the most pressing housing need in Godalming.

Recommendation

It is recommended that the Executive approve making a grant of £135,000 from earmarked housing capital resources to Pavilion Housing Association to support the development of nine properties in Godalming.

Background Papers

- Correspondence from Pavilion Housing Association.
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