

# APPENDIX G

## WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 30 NOVEMBER 2010

---

### Title:

**SOCIAL HOUSING GRANT – AFFORDABLE HOUSING  
MARSHALLS, WEYDON LANE, FARNHAM**

**[Portfolio Holder: Cllr Keith Webster]**

**[Wards Affected: Farnham Firgrove]**

---

### Summary and purpose:

This report recommends using resources from the Council's commuted sums pool and capital receipts set aside to support affordable housing, in order to contribute towards the financing of the development of fifteen flats at Marshalls, Weydon Lane, Farnham by Mount Green Housing Association. In turn, Mount Green Housing Association will be purchasing Marshalls from the Council's Housing Revenue Account, thus generating a receipt for the Council, to reinvest in meeting the Decent Homes Standard.

---

### 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:

There are no direct Equality and Diversity Implications arising from this report.

### Climate Change Implications:

All homes will be meeting level 3 for the Code for Sustainable Homes; and this development is on a brownfield site.

### Resource/Value for Money implications:

The resource implications are that a capital sum of £601,000 will need to be found from General Fund resources. There is a pool of capital resources set aside to help finance new affordable housing opportunities and the sum of £601,000 can be found from within that resource. The Council's Housing Revenue Account will be receiving a capital receipt from the sale of Marshalls, which will be used to reinvest in helping to meet the Decent Homes Standard within the Council's own housing stock.

### Legal Implications:

The Council will receive nomination rights to these homes.

---

## **Background**

1. The Council has already agreed to dispose of a property – Marshalls, Weydon Lane, Farnham - to Mount Green Housing Association for a capital receipt of £601,000. The rationale for this disposal was to:
  - bring the property back into use through redevelopment;
  - provide a development of 100% 'affordable housing' for local people in housing need;
  - produce a tenure mix and size of accommodation (1- and 2-bedroom affordable homes to rent) more suited to local need;
  - secure a capital receipt for the Council's HRA – which can then be used to invest in meeting the Decent Homes Standard in our own housing stock; and
  - secure nomination rights to these homes.
2. Mount Green Housing Association has been successful in securing a capital grant allocation of £450,000 from the Homes and Communities Agency (HCA) on 19.10.10. Announcements made in the Comprehensive Spending Review indicate that the HCA capital programme is being reduced by 50%. Future HCA investment may be prioritised on larger sites. Therefore this HCA allocation may be an ever increasingly rare opportunity to secure grant in the Waverley area. The HCA funding allocation for this scheme is timely and welcomed. However, it is insufficient to fund the whole of the development costs.
3. The HCA allocation represents subsidy of £30,000 per unit. This will be combined with private investment from Mount Green Housing Association. This level of finance is needed to cover the build costs and on costs (planning, architecture surveys, planners agent etc). However, this amount is not enough to enable Mount Green Housing Association to pay the Council a Capital Receipt of £601,000 for the land as originally anticipated.
4. One of the Council's key corporate priorities is the delivery of additional affordable housing across the Borough. It was for this reason that the Council identified that this site should be disposed of to Mount Green Housing Association for 100% affordable housing. Given the need for affordable housing it is considered that the Council should strive to maintain the position that this all of block of flats will be affordable homes for rent.

## **A way forward**

5. The Council does have a funding pool of £3m from which to provide capital grant to support new affordable housing. This capital pool has arisen from Section 106 contributions from developers in lieu of affordable housing on site and historical capital receipts. Some of the Section 106 contributions are time-limited and have to be returned to the developers should they not be used for affordable housing within a specified period. Commuted sums must be used to provide new affordable homes. They cannot be invested in making improvements to the Council's own housing stock.

6. The Council could choose to provide a grant of £601,000 to Mount Green Housing Association from the affordable housing programme. Mount Green would then use this money to provide the Council with a capital receipt of £601,000 to represent a receipt for Council land. This receipt would then be reinvested in meeting the Decent Homes Standard.

### **Resource Implications**

7. 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.
8. If the Council wishes to retain the whole of the capital receipt, it is required by the Department for Communities and Local Government to resolve to reinvest the capital sum arising from the disposal in its retained housing to contribute towards meeting the Decent Homes Standard or for a specified regeneration project. Should the Council decide to use the capital receipt for other activities the Council would only be able to retain 50% of the resulting receipt and the balance would have to be paid to the Government.

### **Conclusion**

9. A capital contribution of £601,000 from the Council would support the development of fifteen affordable flats for rent to which the Council would have nomination rights to help local households in housing need.
10. Without Council subsidy, the Council would be unable to secure a capital receipt for land of £601,000 to reinvest in meeting the Council's Decent Homes Standard.

### **Recommendation**

The Executive is asked to recommend to the Council that a payment of a capital grant of £601,000 be made to Mount Green Housing Association in respect of the affordable housing development at Marshalls, Farnham, this sum to be found from within the General Fund of Commuted Sums and Capital Receipts for affordable housing.

Given that the Council needs to invest in its own housing stock, it is recommended that the capital receipt be applied to the Decent Homes Standard, thereby allowing the Council to retain 100% of the receipt for these purposes.

---

### **Background Papers**

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972 relating to this report.

---

### **CONTACT OFFICER:**

**Name:** Alice Baxter

**Telephone:** 01483 523096

**E-mail:** [alice.baxter@waverley.gov.uk](mailto:alice.baxter@waverley.gov.uk)