

# APPENDIX H

## WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 29 MARCH 2011

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**Title:**

**SOCIAL HOUSING GRANT –AFFORDABLE HOUSING  
RIDGLEY ROAD, CHIDDINGFOLD**

**[Portfolio Holder: Cllr Keith Webster]  
[Wards Affected: Chiddingfold and Dunsfold]**

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**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).

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**Summary and purpose:**

This report recommends using resources from the Council's commuted sums pool to support affordable housing, in order to contribute towards the financing of the development of six social rented homes on a rural exception site at Ridgley Road, Chiddingfold by English Rural Housing Association (EHRA).

An initial bid from ERHA to the Homes and Communities Agency (HCA) for two shared ownership homes has been approved. However, their bid for six social rented homes has been rejected. ERHA have reduced their initial HCA bid, which has been achieved by reducing the total scheme costs, increasing their private funding and approaching Waverley for £30,000 in subsidy.

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**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 4 for the Code for Sustainable Homes.

## **Resource/Value for Money implications:**

The resource implications are that a capital sum of £30,000 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 £30,000 can be found from within that resource. Subsidy from Waverley would strengthen the chance of ERHA's bid. If successful, this bid would lever in an additional £1,188,000 of investment into affordable housing in Waverley.

## **Legal Implications:**

The Council will receive nomination rights to these homes. If funded through Commuted sums, this proposal would meet the s.106 requirement that 'the Council covenants with the Owners as follows that it will apply the Contribution for the purpose of providing affordable housing within the Council's district.' The commuted sum needs to be spent by February 2019, after which time it can be claimed back by the developer.

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## **Introduction**

1. Planning permission has been granted for eight affordable homes at Ridgley Road, Chiddingfold, as a rural exception scheme. The mix of unit sizes and tenures has been arrived at as a result of public consultation, partnership working with Chiddingfold Parish Council, a Housing Needs Survey and information from the Council's Housing Needs Register.
2. The Council has been approached by English Rural Housing Association for funding to be able to maintain this level of social rent and shared ownership.

## **Background**

3. The HCA are currently looking for schemes which will start on site by the end of the financial year on which to use an under spend from their affordable housing programme.
4. An initial bid from ERHA to the HCA for two shared ownership homes has been approved. However, their bid for six social rented homes has been rejected. ERHA have reduced their initial HCA bid for each social rented unit. This will be combined with private investment from English Rural Housing Association. This level of finance is needed to cover the build costs and on costs (planning, architecture surveys, planners agent etc).
5. The reduced requirement for HCA grant has been achieved by reducing the total scheme costs, increasing their private funding and approaching Waverley for £30,000 in subsidy (see Exempt Annexe Table 1 and Table 2).
6. Ridgley Road was granted planning permission in January 2011<sup>1</sup> and English Rural Housing Association has purchased the site and would be able to start on site by the end of the financial year. This certainty of delivery, combined with a revised bid that provides better value for money may be enough to secure an allocation for social rented homes from the HCA, leveraging in an additional £1,188,000 of investment into affordable housing in Waverley

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<sup>1</sup> [http://waverweb.waverley.gov.uk/live/wbc/pwl.nsf/\(RefNoLU\)/WA20101350?OpenDocument](http://waverweb.waverley.gov.uk/live/wbc/pwl.nsf/(RefNoLU)/WA20101350?OpenDocument)

7. 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.
8. Planning permission was also granted for four affordable homes at the nearby Working Men's Club in Chiddingfold in October 2010<sup>2</sup>. The Working Men's Club is within the settlement boundary and so nominations will not be restricted to people with a local connection, as will be the case at Ridgley Road. It is anticipated that two homes will be for shared ownership and two rented at 60% of local housing allowance, with funding not required. Being able to provide the six homes at Ridgley Road for social rent would provide a menu of tenures and eligibility criteria to local households.
9. Given the need for affordable housing identified in Chiddingfold, it is considered that the Council should strive to maintain the position that the six homes at Ridgley Road should be provided as affordable homes for social rent.

### **Resource 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. The Council does have a funding pool 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. 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.
12. The Council could choose to provide a grant of £30,000 to English Rural Housing Association from the affordable housing programme. This equates to £5,000 per social rented units, which is an extremely low rate when compared with other schemes the Council have subsidised (see Table 1).

<b>SCHEME</b>	<b>LOCATION</b>	<b>RSL</b>	<b>TOTAL</b>	<b>NUMBER OF HOMES</b>	<b>WBC SUBSIDY PER HOME</b>
<u>Ridgley Road</u>	<u>Chiddingfold</u>	<u>English Rural Housing Association</u>	<u>£30,000</u>	<u>6</u>	<u>£5,000</u>
Wharf Street	Godalming	First Wessex	£135,000	9	£15,000
Step by Step	Aldershot	Sentinel	£100,000	3	£33,333

<sup>2</sup> [http://waverweb.waverley.gov.uk/live/wbc/pwl.nsf/\(RefNoLU\)/WA20101252?OpenDocument](http://waverweb.waverley.gov.uk/live/wbc/pwl.nsf/(RefNoLU)/WA20101252?OpenDocument)

Sandy Hill	Farnham	First Wessex	£200,000	5	£40,000
Marshalls	Farnham	Mount Green Housing Association	£601,000	15	£40,067

**Table 1: Waverley subsidy per affordable home**

**Conclusion**

13. A capital contribution of £30,000 from the Council would support the development of six affordable social rented homes for rent to which the Council would have nomination rights to help local households in housing need.

**Recommendation**

The Executive is asked to recommend to Council a payment of a capital grant of £30,000 to English Rural Housing Association in respect of the affordable housing development at Ridgley Road, Chiddingfold, this sum to be found from within the General Fund of Commuted Sums for affordable housing and that the capital grant of £30,000 be added to the Council’s capital programme for Social Housing.

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**Background Papers**

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

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**CONTACT OFFICER:**

**Name:** Alice Baxter                      **Telephone:** 01483 523096  
**E-mail:** [alice.baxter@waverley.gov.uk](mailto:alice.baxter@waverley.gov.uk)