

WAVERLEY BOROUGH COUNCIL

EXECUTIVE - 3 JULY 2012

Title:

AFFORDABLE HOMES DELIVERY PLAN

[Portfolio Holders: Cllrs Keith Webster and Mike Band]

[Wards Affected: All]

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 Delivery Plan forms part of the implementation of the 2012-41 HRA Self Financing Business Plan, with a focus on Council new build development. Therefore, this Plan is required to ensure that the Council has a clear agreed approach and programme of potential development opportunities. Given the level of resources available, it is estimated that the Council enable a significant increase of affordable housing within the borough, with Council new homes contributing additional affordable housing to existing supply, which will in turn support our local communities, services and businesses.

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

There is a considerable need for affordable housing across the Borough. As a strategic housing authority, the Council has a role in promoting the development of additional affordable homes to help meet need. At the same time, there is a limited supply of land available for development. This report relates to the Council's Corporate Priorities¹ of working hard to provide more affordable housing in the Borough for local people in housing need.

Equality and Diversity Implications:

This Delivery Plan concerns the development of affordable housing, which has implications for social inclusion and community cohesion. Some of the smaller sites lend themselves to the provision of homes for households with specialist housing needs. Where this is the case, it is proposed that such developments should be wheelchair accessible and preference given to households which have members who need such accommodation, where appropriate and there is a local need.

¹ http://www.waverley.gov.uk/downloads/file/2865/corporate_plan_2012_to_2015

Environment and Climate Change Implications:

The development of new homes give rise to significant climate change issues – through the use of natural resources for construction and development. There is an expectation that these new affordable homes will meet the requirements of the Homes and Communities Agency (HCA), with an aspiration for homes on Council Land to meet Code Level 4 in line with Council’s Energy and Carbon Policy 2011-2015. The HCA use Design and Quality standards to ensure that new homes are eco-friendly and meet a high standard of energy efficiency, to make most efficient use of resources, which the Council could consider applying to its own developments.

Resource/Value for Money Implications:

From April 2012, new legislation introduced through the Localism Act (2011) came into force to give the Council as a landlord greater freedoms and flexibility to manage its housing stock according to local needs and priorities. This new Council housing finance regime replaces the Housing Revenue Account Subsidy System, under which the Council returned more than half its rental income (around £12.8m pa), to the Treasury. The new self financing system required the Council to take on debt of £189m. Loan repayments on our debt will cost around £6m pa initially, leaving the Council with a projected annual resource for new affordable homes of between £3m and £5m in the first 10 years with a total of £261m over the 30-year Business Plan. Contributions then continue over the remaining period of the 30-year Business Plan.

The Council has committed £18.98m in years one to five, £20.7m in years six to ten and £221.8m in years 11-30 towards developing new affordable homes (see Table 1).

1	Year One to Five (April 2012-March 2017)	1/2 of investment into stock improvement £18.98m	1/2 of investment into new affordable homes £18.98m	
2	Year Six to Ten (April 2017- March 2022)	1/3 of investment into stock improvement £20.7m	1/3 of investment into new affordable homes £20.7m	1/3 of investment into debt repayment £20.7m
3	Year Eleven to Thirty (April 2022- March 2041)	1/4 of investment into stock improvement £221.8m	1/4 of investment into new affordable £221.8m	1/2 of investment into debt repayment £171.3m (debt repaid after 25 years)

Table 1: Council policy on agreed apportionment of investment funds 2012-2041 as per Housing Revenue Account 2012-2041

In addition to the valuable housing objective of building new council housing there is an important strategic financial benefit that arises, namely the New Homes Bonus (NHB) which was introduced in 2011/12 and forms part of the overall General Fund grant funding framework. It is paid to local authorities that see a net increase in homes in their area year on year. Payment is based on a national average of the council tax band of new homes and those brought back into use, with a premium for affordable homes and it is paid for the following six years. NHB aims to incentivise local authorities to promote housing growth. Whilst the grant is un-ringfenced and can be spent on either revenue or capital projects, the Council's financial strategy assumes that the New Homes Bonus will replace declining Revenue Support Grant and therefore does not create a new funding stream at this stage. For each new Band D home, Waverley receives a NHB amount of around £1,200 plus an additional £280 if it is an affordable home, paid for a six year period.

Legal Implications:

There are no direct legal implications arising from this report.

Background

1. The Council is committed to increasing the availability of affordable homes for Waverley residents, with Government policy endorsing this approach.
2. Changes in the housing finance regime have created the opportunity for the Council to invest in building new Council houses. Council new build will have the advantage of the Council maintaining control over its land and provision of an income stream for the long term.

Introduction

3. The priority is to ensure that the Council is able to achieve its target number of best value new homes for local residents in the shortest period of time. No one route is likely to be able to deliver this entirely by itself, but by pursuing a number of approaches the Council will maximise the opportunity to achieve this.
4. These options include
 - a. New affordable homes on Council land/sites, to be developed, owned and managed by Waverley
 - b. New homes on Council land developed through a Registered Social Landlord where the Council retains on going nomination rights
 - c. Enabling new affordable homes through planning powers e.g. s.106 sites
 - d. Open market land and properties inc RTB re-sales, open market sites listed in Strategic Housing Land Availability Assessment
 - e. Other public sector owned land and properties
 - f. Developing outside the borough
5. Criteria for assessing each site have been put forward, using a 5 case appraisal to evaluate the Strategic, Economic, Commercial, Financial and Management implications of development.

6. At this stage, the inclusion of sites for appraisal in Year 1 of the Action Plan is not an indication that they will be developed, only that they will be included in this exercise and so subject to further investigation as to whether they should be developed, retained for their current use or considered for another use so as to help to ensure the Council is making best use of its land and assets. For example, parking and garage sites will require parking surveys, rural exception sites will require Housing Needs Surveys to demonstrate local housing need and all will need to be financially appraised and subject to thorough searches, investigations and consultation in terms of the specific issues on each individual site. Sites appraised in Year 1 with development potential can then be costed and incorporated into an action plan for years 2-5.
7. Action Plan priorities for year 1 include:
 - a. Appointing a Development Agent with the private sector or RSLs and appoint appropriately qualified staff to take forward sites on the Council's behalf, primarily Station Road which already has a planning permission for 14 affordable homes. Many local authorities no longer have the in-house expertise or capacity in respect of new build. The up front costs of Development Agent services would then be capitalised against the overall development costs.
 - b. Bringing in extra capacity to take this programme forward through the appointment of a Development/ Site Appraisal Officer. Their role would include ongoing assessments of sites to ensure a continuous programme and assist in meeting the Council's aspirations to develop new homes. Additional funding sources will also be sought for the provision of new affordable homes, in addition to utilising commuted sums and disposal proceeds.
 - c. Creating efficiencies by establishing a standard procurement list of contractors, e.g. local architects and surveyors to assist the Council with its new development role. Waverley's Contract Procedure Rule 4 provides for this approach and sets out the requirements.
 - d. Setting up governance for the Delivery Plan through a Delivery Board, comprising of the Strategic Director and Heads of Housing, Planning and Finance. Progress of the Delivery Board will be overseen by a Special Interest Group and Corporate Management Team.

Conclusion

8. In the context of a housing need and affordable housing being held as a corporate priority, each new affordable home would make an immeasurable difference to the quality of life of each family in housing need, who could then be re-housed.

Recommendation

It is recommended to the Council that:

1. the strategic approach proposed in the attached Affordable Housing Delivery Plan and the Year 1 Action Plan be agreed; and

2. the action plan priorities for Year 1 be agreed, specifically:
 - a. Establishing governance for this delivery plan through a Delivery Board and SIG;
 - b. Noting the approach taken with RSL's;
 - c. Approving the establishment of an approved list of partners;
 - d. Approving a budget to assemble a staff team to take delivery forward, to be funded as first call on savings arising from the Housing restructure; and
 - e. Establishing a new post of a Development/Site Appraisal Officer; and

3. a Housing Development Special Interest Group be established to oversee progress of the Delivery Board, with the membership consisting of the Housing, Planning, Finance and Property Portfolio Holders, as well as a ward member from each Planning Committee Area.

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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