

## **SCRUTINY COMMISSION – 17 SEPTEMBER 2015**

### **REPORT TITLE: AFFORDABLE HOUSING DELIVERY**

### **REPORT OF DEPUTY CHIEF EXECUTIVE (COMMUNITY DIRECTION)**



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

### **WARDS AFFECTED: ALL WARDS**

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#### 1. PURPOSE OF REPORT

- 1.1 To inform Members of the delivery of affordable housing in the Borough, as requested by the Scrutiny Commission as an annual position update.

#### 2. RECOMMENDATION

- 2.1 That Scrutiny Commission notes the contents of this report.

#### 3. BACKGROUND TO THE REPORT

- 3.1 This report is in response to a request at the Scrutiny Commission meeting of 20 December 2012, which requested that Members are informed on an annual basis on the delivery of affordable housing in the Borough.
- 3.2 The targets and thresholds for affordable housing in the Borough are set out in Policy 15 of the Core Strategy. These differ for the urban and rural settlements and are as follows:

Location	Site size threshold	Target
Urban (Hinckley, Barwell, Burbage and Earl Shilton but not the SUEs)	15 dwellings or more, or sites of 0.5 ha or more	20% affordable housing
Sustainable Urban Extensions – Barwell and Earl Shilton	15 dwellings or more, or sites of 0.5 ha or more	20% affordable housing
Rural areas (all sites not in the above categories)	4 dwellings or more, or sites of 0.13 ha or more.	40% affordable housing

- 3.3 The Core Strategy also sets out the minimum numbers of affordable housing to be delivered in the Core Strategy period 2006 – 2026. This sets out a target of 2,090 affordable dwellings to be delivered over the policy period, 480 of which should be in rural areas.

#### 4. AFFORDABLE HOUSING COMPLETIONS AND PERMISSIONS TO 31 MARCH 2015

- 4.1 The total number of affordable housing completions and the percentage of affordable housing delivered since the start of the Local Plan period (2006 – 2026) is shown in the table below.

## ANNUAL AFFORDABLE HOUSING COMPLETIONS

Year	Affordable Completions (net)		Total Affordable Housing Completions (net)	Total Open Market Housing Completions (net)	Total Housing Completions (net)	Percentage of housing delivery that is affordable (%)
	Rural	Urban				
2006/07	15	65	80	358	438	18.26
2007/08	3	41	44	354	398	11.06
2008/09	9	80	89	385	474	18.78
2009/10	0	107	107	246	353	30.31
2010/11	0	5	5	222	227	2.20
2011/12	0	134	134	239	373	35.92
2012/13	6	11	17	210	227	7.49
2013/14	60	43	103	377	480	21.46
2014/15	93	61	154	598	752	20.48
<b>Totals:</b>	<b>186</b>	<b>547</b>	<b>733</b>	<b>2989</b>	<b>3722</b>	<b>19.69</b>

- 4.2 This table shows that since the beginning of the plan period (2006) a total of **733** affordable dwellings have been completed against the 2,090 affordable dwelling requirement set out in the Core Strategy Policy 15 (see point 3.3) which equates to 19.69% affordable provision.
- 4.3 In addition to the completions of affordable housing, there is planning permission for schemes yet to be implemented, which includes 54 affordable dwellings in urban areas and 83 affordable dwellings in the rural areas. This equates to **137** affordable dwellings with planning permission within the borough at 1 April 2015.
- 4.4 In conclusion, this equates to a total number of completions and permissions for affordable dwellings of **870** against the adopted Core Strategy target of 2,090 for the period 2006 – 2026. The delivery has been reasonable against the Core Strategy target but the Council recognises that there continues to be challenges in delivering affordable housing within the borough.
- 5.0 SUMMARY OF PAST DELIVERY
- 5.1 The delivery of affordable housing within the borough has been affected by many factors, these include the following;
- Not every site which comes forward for development crosses the minimum size threshold to require the provision of affordable housing
  - A developer can seek to negotiate a reduced level of affordable housing, or type of affordable housing, where the site is not financially viable
  - The economic downturn has meant that the total number of dwellings being built has been below the expected levels. This has resulted in the number of affordable dwellings not being constructed as a result.
  - The delay in the delivery of the Sustainable Urban Extensions at Barwell and Earl Shilton has had implications on the delivery of affordable housing.
  - On 28 November 2014 Government issued a revision to the site thresholds, which meant that affordable housing could not be required on sites of 10 dwellings or less. This affected sites in the rural areas where the policy requirement in the Core Strategy is for sites of 4 dwellings or more to provide affordable housing. However following a High Court challenge by West Berkshire Council and Reading Borough Council, Mr Justice Holgate has ordered that the relevant part of the National Planning Policy Guidance relating to the Ministerial Statement and all subsequent changes be quashed.

Therefore from 31 July 2015 there is again a requirement for affordable housing on rural sites of 4 dwellings or more.

- The announcement that social housing rent levels will be reduced by 1% for the next 4 years has resulted in Registered Providers revising their Business Plans. This is only just starting to impact on affordable housing delivery but is resulting in Registered Providers offering less for affordable housing on section 106 sites as well as reducing the number of sites they will bid for.

## 6.0 FUTURE AFFORDABLE HOUSING DELIVERY METHODS

6.1 The council is addressing the challenges in the following ways:

- Where developers approach the council to reduce the amount of affordable housing on a site, a robust appraisal of the developers' viability assessment is carried out to assess the quantity of affordable housing the site can deliver. The recommendations are subject to independent validation on a sample of assessments to ensure the council achieves the maximum affordable housing and other planning obligations possible.
- Work continues to bring forward a pipeline of rural exception sites to address the needs of local people who are priced out of open market housing in rural villages.
- The HRA Investment Plan 2013 – 2018 sets out a number of affordable housing delivery options which will increase the amount of affordable housing in the Borough including new development of council housing. The delivery plan also includes, but is not restricted to, purchase of affordable housing on section 106 sites, buy back of ex council housing and in exceptional cases purchase on the open market.

## 7. FINANCIAL IMPLICATIONS [MA]

7.1 The table below shows the capital programme for the HRA Investment Plan as stated in point 6.1.

	Total	Actual 2014- 15	Budget 2015-16	Budget 2016-17	Budget 2017-18
	£	£	£	£	£
Dragons lane	409,000	409,000	-	-	-
Southfields Road	2,750,000	-	2,750,000	-	-
Other Affordable Housing	6,825,000	-	231,537	3,199,463	3,410,000
<b>Total</b>	<b>10,000,000</b>	<b>409,000</b>	<b>2,981,537</b>	<b>3,199,463</b>	<b>3,410,000</b>

7.2 Assuming that the 154 affordable housing completions (as stated in table from point 6.1) can be included for New Homes Bonus purposes, the table below shows the potential \*£195,611 income stream for the council. This income will be received into the General Fund.

<b>* The assumption made that the properties on average council</b>	<b>Number of Affordable Completed Properties</b>	<b>Council Tax Banding Element of New Homes Bonus</b>	<b>Affordable Rent Element of New Homes Bonus</b>	<b>Total New Homes Bonus Income</b>
<b>Property Category</b>		£	£	£
Non Affordable Rent Properties	116	137,325	-	137,325
Affordable Rent Properties	38	44,986	13,300	58,286
<b>* Totals</b>	<b>154</b>	<b>182,311</b>	<b>13,300</b>	<b>195,611</b>

\*The formula for the New Homes bonus is 80% of the Council Tax Banding x Number of Affordable Completed Properties plus £350 per property if this is let as Affordable Rent. The assumption made in the table is that on average the properties are at Council Tax Band D £1,479.80. The split shown between non and affordable rent are actual figures.

7.3 Based on an average band D equivalent council tax of £112.09 (including special expenses) the estimated additional council tax income will be £1,345.08 (£112.09 x 154 Affordable Completed Properties)

## 8. LEGAL IMPLICATIONS [MR]

8.1 None arising directly from the report

## 9. CORPORATE PLAN IMPLICATIONS

9.1 The delivery of affordable housing supports the following aims of the Corporate Plan 2013 – 2016:

- Provide decent and affordable homes.

## 10. CONSULTATION

10.1 None required.

## 11. RISK IMPLICATIONS

11.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

11.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

11.3 The following significant risks associated with this report / decisions were identified from this assessment:

<b>Management of significant (Net Red) Risks</b>		
<b>Risk Description</b>	<b>Mitigating actions</b>	<b>Owner</b>
Failure to deliver affordable housing increases the pressure on the Council's waiting lists and impedes its desire to assist residents in the Borough who cannot meet their needs on the open market	Completion of an independent viability assessment before agreement to reduce the numbers of affordable housing on qualifying sites	Valerie Bunting

12. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

12.1 This report is concerned with ensuring that a supply of affordable housing is available in the Borough for people in the greatest need. This includes consideration of people from vulnerable groups, and those living in rural areas.

13. CORPORATE IMPLICATIONS

13.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications - None identified
- Environmental implications - None identified
- ICT implications – None identified
- Asset Management implications – None identified
- Procurement implications – None identified
- Human Resources implications – None identified
- Planning implications - – Contained within the body of the report.
- Data Protection implications – None identified

Background papers: None

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