



## Hincley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission                      25 March 2021  
Wards affected:                              All wards

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### AFFORDABLE HOUSING DELIVERY

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Report of Director (Environment & Planning)

#### 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 For Scrutiny to note the contents of this report.

#### 3. Background to the report

3.1 This report is the latest report presented annually in response to a 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 (Hincley, 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3.3 However, local policy has been superseded by national policy, and as set out in the 2019 revised version of the National Planning Policy Framework (NPPF), the provisions are as follows;

- Provision of affordable housing should only be sought for residential developments that are major developments which are defined in the NPPF as developments where 10 or more homes will be provided, or the site has an area of 0.5 hectares or more
- In designated rural areas LPAs may instead choose to set their own lower threshold in plans and seek affordable housing contributions from developments above that threshold

3.4 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 2020

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. This table has been updated from the Residential Land Availability monitoring statement for 2019/20, and makes a minor correction to the number of affordable homes completed in 2015 – 16 to 97 units.

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 (%)	Percentage of affordable housing delivery by location (%)	
	Rural	Urban					Rural	Urban
2006/07	15	65	80	358	438	18.26	3.42	14.84
2007/08	3	41	44	354	398	11.06	0.75	10.31
2008/09	9	80	89	385	474	18.78	1.9	16.88
2009/10	0	107	107	246	353	30.31	0	30.31
2010/11	0	5	5	222	227	2.20	0	2.2
2011/12	0	134	134	239	373	35.92	0	35.92
2012/13	6	11	17	208	225	7.55	2.66	4.88
2013/14	60	43	103	377	480	21.46	12.5	8.96
2014/15	93	61	154	598	752	20.48	12.36	8.12
2015/16	27	70	97	498	595	16.30	4.53	11.76
2016/17	59	82	141	428	569	24.78	10.36	14.41
2017/18	21	81	102	321	423	24.11	4.96	19.15
2018/19	59	40	99	365	464	21.33	12.71	8.62
2019/20	53	63	116	169	285	40.7	18.6	22.1
<b>Totals:</b>	<b>405</b>	<b>883</b>	<b>1288</b>	<b>4768</b>	<b>6056</b>	<b>21.26</b>	<b>6.69</b>	<b>14.58</b>

- 4.2 This table shows that since the beginning of the plan period (2006) a total of 1,288 affordable dwellings have been completed against the 2,090 affordable dwelling requirement set out in the Core Strategy Policy 15.

In addition to the completions of affordable housing, at 31.03.19 there was planning permission for 333 affordable homes which have not yet been started, and 73 under construction. This equates to 406 affordable dwellings with planning permission within the borough at 1 April 2020, of which 134 are in the rural settlements.

- 4.3 In conclusion, this equates to a total number of completions and permissions for affordable dwellings of 1,694 against the adopted Core Strategy target of 2,090 for the period 2006 – 2026. The Core Strategy also sets a target of 480 of the affordable dwellings to be delivered in the rural areas, and with completions and permissions, 539 affordable homes have been delivered in the rural areas. Delivery against target is therefore as follows:

Core Strategy AH target - all	AH completions + planning permissions – all	% delivered against Core Strategy target – all	Core Strategy AH target – rural	AH completions + planning permissions - rural	% delivered against Core Strategy target - rural
2090	1,694	81.05	480	539	112.3

This shows that if the current trend continues the council is still on target to meet the minimum number of affordable homes set out in the Core Strategy. However since demand for affordable housing is still much higher than can realistically be delivered, work continues with our developer and Registered Provider (RP) partners to maximise the affordable housing provided on section 106 and bringing forward 100% affordable housing sites.

- 4.4 Delivery of new affordable housing on RP led sites for 100% affordable homes has played an important part in housing delivery over the last year. Six of the 8 sites completing affordable housing over the last year have been for 100% affordable housing, comprising 98 homes. The majority of active RPs within the Borough are now strategic partners with Homes England and therefore they place importance on delivering their own sites, since they cannot use grant on section 106 sites. Although so far this has not had a major impact on delivery on section 106 sites, it is clear that RPs are choosing the section 106 units they will bid for quite carefully. This tends to be on larger schemes and / or in areas where the RP already own stock. Both of these raise concerns that delivery may be harder in rural areas where sites tend to be smaller, as is affordable housing stock numbers.

Possible solutions to sites where no RP can be found may be:

- Agreement that where there are less than 6 affordable housing units on a scheme, the council will not ask the developer to seek an RP partner but will

acquire the affordable homes for council housing at a negotiated rate equivalent to that which an RP would offer

- On sites of more than 6 affordable homes, gifted units to the council will be negotiated
- Acceptance of commuted sums in lieu of on site provision. This is the least preferred option since there is often no suitable local alternative to deliver new affordable housing.

- 4.5 Acquisition of small numbers on section 106 sites will fit with the strategic priorities for new council house delivery, but will need to be managed alongside other council housing priorities, including any new build or regeneration programmes in place and available finances. It will therefore be incorporated into the Council House Delivery Plan as part of the strategic priorities for the Housing Revenue Account. However it is the way of safeguarding affordable housing numbers, since neither gifted units nor commuted sums deliver the same number of affordable homes as on site provision.

If RPs are concentrating on delivering new homes on 100% affordable housing schemes, the strategic partnerships may simply be moving delivery from section 106 to RP sites, and therefore not achieve the intended outcome of delivery of a greater number of units. This has been raised with Homes England, who are monitoring how delivery numbers are being affected by this change.

As with other housing delivery, affordable housing development has been affected by the Coronavirus lockdown, when development paused for a time. Homes England has responded by extending the practical completion dates on affected schemes, so that development can complete without the fear of loss of grant income.

- 4.6 The Planning White Paper has significant implications for delivery of affordable housing in both the short and the longer term. Evidence bases including the recently adopted Housing Needs Study, all emphasise that the greatest need in the Borough is for affordable rented housing. However government policy is focussed towards affordable home ownership, including the First Homes scheme which requires 25% of new affordable homes secured through developer contributions should be for First Homes, which will be sold to first time buyers as at least a 30% discount on open market value. This would therefore mean that unless the tenure split was renegotiated, no shared ownership properties would be delivered on section 106 sites. It is anticipated however that homes on 100% affordable schemes would continue to deliver shared ownership as the intermediate tenure of choice.

The White Paper also suggests a temporary raising of the site threshold required before an affordable housing contribution is needed, to 40 or 50 units. This would impact on affordable housing in the Borough in general, and rural areas where sites tend to be smaller would be particularly affected. Over the last 5 years, 157 affordable homes were delivered on sites of less than 50 units. The intention is to help SME builders, but consultation responses so far have

overwhelmingly suggested there are better ways to do this, including allowing SME builders to draw down grant for affordable housing on smaller sites.

## 5. Exemptions in accordance with the Access to Information procedure rules

5.1 Not exempt

## 6. Financial implications [IB]

### New Homes Bonus

6.1 Based on the current MHCLG formula for New Homes Bonus is not given on 0.4% of the baseline (around 180 properties for this Borough). Thereafter £1,590 is given per property (based on Band D equivalents) This Council retains £1,272 of this (20% is given to the County Council). Previously New Homes Bonus was given for four years but this will now reduce to 1 year and based on current MHCLG proposals will reduce to £0 after 2022/23.

6.2 For each affordable property built the Council will also receive £280 (80% of £350).

The table below summaries a worked example for 2019/20 completions

Non Affordable Completions	169
Affordable Completions	116
<b>Total Completions</b>	<b>285</b>
Amount that Attracts NHB	105
	£
Value of NHB	133,560
Affordable Housing NHB	32,480
<b>Total NHB</b>	<b>166,040</b>

### Council Tax

6.3 Additionally for the worked example above this will result in an approximate increase in the Council Tax base of 143. Based on an average band D equivalent council tax of £134.87 (including special expenses) the estimated additional council tax income is £19,286.

## 7. Legal implications [MR]

7.1 Set out in the report

## 8. Corporate Plan implications

8.1 The delivery of new council housing supports the following aims of the Corporate Plan 2017 – 2021:

- Places: 4) Improve the quality of existing homes and enable the delivery of affordable housing

## 9. Consultation

9.1 None required as this report is for information only.

## 10. Risk implications

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

10.2 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.

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

1. [Use the RISK TACTICAL approach detailed in the Risk Management Strategy (available on the intranet) to identify any risks associated with this report / decision
2. Assess the risks identified using the corporate assessment criteria for likelihood and impact detailed in the Risk Management Strategy to determine risk levels
3. Ensure that risk are captured on project, service or corporate risk registers, and please **state in the table below in which register the risk is held**
4. Ensure the risks are contained in the Service Improvement Plan for your service area
5. Record significant risks (net red risks - those that remain red after accounting for current mitigating actions and require treatment) in the box below.]

Management of significant (Net Red) risks		
Risk description	Mitigating actions	Owner
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	<p>Completion of an independent viability assessment before agreement to reduce the numbers of affordable housing on qualifying sites</p> <p>Work with our RP partners to bring forward suitable sites for affordable housing</p>	Strategic Housing and Enabling Officer

## **11. Knowing your community – equality and rural implications**

11.1 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.

## **12. Climate implications**

12.1 This report is for information only on delivery numbers so there are no climate implications.

## **13. Corporate implications**

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

- Community safety implications
- Environmental implications
- ICT implications
- Asset management implications
- Procurement implications
- Human resources implications
- Planning implications
- Data protection implications
- Voluntary sector

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Background papers: None  
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