

AFFORDABLE HOUSING PROJECTIONS

REPORT OF DEPUTY CHIEF EXECUTIVE

WARDS AFFECTED: ALL WARDS



Hinckley & Bosworth
Borough Council

A Borough to be proud of

1. **PURPOSE OF REPORT**

- To inform Members of the targets and thresholds for affordable housing across the Borough;
- To project a maximum delivery figure for affordable housing in the Borough where no viability issues are identified;
- To outline the constraints around applying a delivery trajectory to affordable housing.

2. **RECOMMENDATION**

That Members note the contents of this report.

3. **BACKGROUND TO THE REPORT**

3.1 This report is in response to a query raised at a previous Scrutiny Commission meeting, which read:

“Whilst discussing the work programme a report was requested on the impact of developers requesting a reduction in the percentage of affordable housing they provide on the affordable housing numbers trajectory”.

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 targets in the Core Strategy were set with reference to an Economic Viability Assessment, carried out by 3 Dragons consultants, which stated that the targets should be achievable. However, the current economic climate has meant that many developers are finding their sites are not viable and are approaching the Council to renegotiate the section 106 requirements, including affordable housing. For new developments, viability assessments may be carried out prior to the section 106 agreement being finalised.

The Growth and Infrastructure Bill

3.4 The Growth and Infrastructure Bill had its second reading in Parliament in November 2012. The Bill would allow for planning obligations under section 106 agreements relating to affordable housing to be renegotiated to make a development economically viable again.

3.5 In practice, Hinckley and Bosworth Borough Council has been negotiating with developers for some time where sites cannot come forward for development. An independent viability assessment is carried out which advises the council on the level on contributions that can be sustained.

4. **AFFORDABLE HOUSING DELIVERY TO 2012**

4.1 Policy 15 of the Core Strategy sets out the minimum numbers of affordable housing to be delivered over 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.

4.2 It is not possible to predict how much of the open market housing is to be developed on sites which cross the affordable housing requirement threshold of 15 in urban areas and 4 in rural areas. In rural areas, particularly, development may consist of sites for 2 or 3 houses which in itself contributes towards meeting the housing target, but offers nothing in the way of affordable housing.

4.3 As stated in paragraph 3.5, viability issues may jeopardise the ability for a site to be brought forward for housing, and therefore a reduction in the number of affordable houses to be provided may be negotiated with a developer in order to allow development to commence.

4.4 There may also be instances where the local authority is willing to accept a smaller number of affordable houses in order to meet a specific need. This can include, but is not restricted to, provision of larger houses, bungalows, or adapted properties for people with a disability.

4.5 In certain cases, the Council may be prepared to accept commuted sums in lieu of affordable housing on site. This is decided on a case by case basis and at the Council's discretion, with the awareness that a commuted sum will not deliver an equivalent number of dwellings to the on site provision. There may also be restrictions on the use of commuted sums as the Community Infrastructure Levy regulations may restrict where the monies can be utilised.

4.6 There are other initiatives which may contribute to the delivery of affordable housing in the Borough, such as the Council itself developing affordable housing through the Housing Revenue Account reforms, and the Empty Homes programme. It is difficult to quantify the amount of new housing this will provide, but reporting on these work streams will be brought forward at the appropriate time in their programmes.

4.7 The total number of affordable housing, and the percentage of affordable housing delivered since the start of the Core Strategy plan period in 2006 is shown in the table below.

ANNUAL AFFORDABLE HOUSING COMPLETIONS				
Year	Affordable Completions		Total Affordable Housing Completions	Total Housing Completions
	Rural	Urban		
2006/07	15	65	80	438
2007/08	3	41	44	398
2008/09	9	80	89	474
2009/10	0	107	107	353
2010/11	0	5	5	227
2011/12	0	134	134	373
Totals:	27	432	459	2263

4.8 This table shows that over the first 6 years of the policy period the Council has delivered 20% affordable housing despite poor market conditions, and before the start of the development of the Sustainable Urban Extensions in 2014, which will deliver a further 810 homes. This is comparable with the urban target of 20% affordable housing, but in the last 3 years no affordable housing has been delivered on rural sites.

5 FUTURE AFFORDABLE HOUSING DELIVERY

5.1 Notwithstanding the issues outlined in section 4 of this report, it is possible to quantify the maximum number of affordable housing which can be provided in the Borough over the housing trajectory period. This figure assumes all sites coming forward will cross the threshold for affordable housing and will be able to provide affordable housing at the target percentages.

5.2 The table attached at Appendix A gives the breakdown of the possible sources of affordable housing, to give a theoretical total of 1564 affordable dwellings up to 2026. This includes 1239 dwellings in the urban areas, including the SUEs, 273 dwellings in key rural centres and 52 dwellings in rural villages. The table below shows the potential shortfall in affordable housing for the Core Strategy period against the target in Policy 15.

AFFORDABLE HOUSING SUPPLY 2006 - 2026							
	Completions 2006 - 2012		Possible provision 2012 - 2026			Shortfall/ over provision	
	Rural	Urban	Rural	Urban	SUEs	Rural (target 480)	Urban and SUEs (target 1610)
	27	432	325	429	810	-128	61(over)
Total	459		1564			-67	

5.3 This table shows that provided the affordable housing in the Sustainable Urban Extensions is delivered to the policy requirement of 20% affordable housing, the greatest shortfall will be in the rural areas of the Borough.

6 FINANCIAL IMPLICATIONS (KB)

6.1 The funding arrangements for affordable housing will depend on the vehicle through which they are delivered. This will be clarified going forward. The Council will have available capital funds within the Housing Revenue Regeneration Reserve (current balance of £2.4million within similar contributions forecast for the next 3 years) and also borrowing headroom within the Housing Revenue Account. The Council may wish to consider the available options for rent setting of new affordable houses and options for market rental.

7 LEGAL IMPLICATIONS (MR)

There are no legal implications arising from the report as it is a factual presentation based on the request from Scrutiny

8. CORPORATE PLAN IMPLICATIONS

8.1 The delivery of affordable housing supports the following aims of the Corporate Plan 2009 – 2014:

- Strong and distinctive communities
- Decent, well managed & affordable housing

9. **CONSULTATION**

None required

10. **RISK IMPLICATIONS**

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

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	Completion of an independent viability assessment before agreement to reduce the numbers of affordable housing on qualifying sites	Valerie Bunting

11. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

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.

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account: [if you require assistance in assessing these implications, please contact the person noted in parenthesis beside the item]

- Community Safety implications – None identified
- Environmental implications – None identified
- ICT implications – None identified
- Asset Management implications – None identified
- Human Resources implications – None identified
- Planning Implications – Contained within the body of the report.
- Voluntary Sector – None identified

Background papers: Appendix A: Affordable Housing Supply 2012 - 2026

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