

**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 cumulative impact of viability assessments submitted through the development management process on the delivery of affordable housing in the Borough.

2. RECOMMENDATION

- 2.1 That members note the contents of this report.

3. BACKGROUND TO THE REPORT

- 3.1 At the Scrutiny meeting of 17 September 2015 Members asked for further information regarding the reduction of affordable housing as a result of viability and how this reduction is being addressed by other mechanisms that are available to secure the delivery of affordable housing.
- 3.2 Government guidance indicates that where sites are proven to be unviable when all of the section 106 contributions are requested, a reduction in contributions may be negotiated to allow the development of the site to proceed. In such cases this can result in the level of affordable housing being reduced.
- 3.3 An analysis has been carried out of schemes where developers have submitted information for a viability assessment. The outcomes of viability assessments vary and not all result in a loss of affordable housing numbers; on two sites, more affordable housing was delivered than the policy target but contributions towards other infrastructure items were reduced.
- 3.4 The table below gives an overview of schemes that have been the subject of a viability assessment. The first column shows what affordable housing would have been delivered if the policy target had been met. The second column shows the total affordable housing to be delivered on sites where a viability assessment has been undertaken and the third column shows the gross reduction of affordable units against the policy target. However as stated in paragraph 3.3 two schemes have delivered more than the policy target so this figure is reflected in column 4, leaving column 5 to show the net reduction of affordable housing against the policy target after viability assessments.

Policy target of affordable housing through section 106 agreements where viability has been assessed	Total affordable housing secured on sites where a viability assessment has been undertaken	Reduction in affordable housing units from sites where a viability assessment has been undertaken (Gross)	Additional affordable housing secured on sites above the policy target	Reduction in affordable housing units from sites where a viability assessment has been undertaken (Net)
504	369	135	47	88

- 3.4 This table shows that there is a net loss of 88 units of affordable housing during the plan policy period due to a financial assessment being submitted by the developer to demonstrate that a site is not viable with the level of section 106 contributions required.

### **Initiatives to improve the supply of affordable housing**

- 3.5 The council is addressing the reduction in affordable housing secured through s106 against its policy target through the following mechanisms:

#### Use of grant.

There are firm commitments for 117 units of affordable housing in the Borough in the Homes and Communities Agency Programme 2015 – 2018 that are outside of section 106 site delivery. There is also grant available to draw down through 'Continuous Market Engagement' with the Homes and Communities Agency for shared ownership properties. The council is an investment partner with the HCA and so can apply to draw down grant by this mechanism if it is considering developing shared ownership housing.

#### Commuted sums

The Affordable Housing Supplementary Planning Document allows the use of commuted sums instead of on site affordable housing, at the Council's discretion. This applies in particular to schemes where affordable housing may not be appropriate, such as barn conversions in rural areas. The use of commuted sums will assist in delivering new affordable housing across the Borough that will better shape the supply to the identified need, particularly in the rural areas.

#### Partnership working.

The Council is also actively pursuing partnership working with developers and Registered Providers to deliver new sites for affordable housing. The council has purchased 4 dwellings as part of a redesign of a section 106 site and is pursuing acquiring dwellings on section 106 developments. Acquisition of ex council housing has also taken place, with 4 properties acquired through this mechanism.

#### A rural housing programme

A rolling 5 year programme of housing needs surveys in rural parishes has been established to evidence affordable housing need in partnership with the five other rural districts in Leicestershire. Where a need is identified within a parish, the rural housing enabler is actively working to progress a rural exception site.

#### Council owned land.

A 5 year delivery plan for development on HRA land holdings is being developed. Sites owned within the HRA are being assessed to see whether they are suitable for development or can be considered for disposal.

#### Wholly owned company

A Local Housing Company has been established to enable borrowing to develop on general fund sites owned by the council. Market sale housing could cross subsidise new council housing on such sites. The Company is investigating opportunities on sites that will have the potential to provide new affordable housing in line with policy requirements.

- 3.6 In addition to the actions that are being taken by the council, there may also be unexpected changes in circumstances that occur during the plan period that result in land that has not previously been identified for housing being brought forward through the development management process. For example, this could be as a result of a former employment site becoming available for re-development. In such cases, these sites would have the potential to provide new affordable housing in line with policy requirements.

#### 4. FINANCIAL IMPLICATIONS [IB]

- 4.1 This report is for noting only. Specific implications arising from the initiatives above will require approval in accordance with financial procedure rules.

#### 5. LEGAL IMPLICATIONS [MR]

- 5.1 None arising directly from the report

#### 6. CORPORATE PLAN IMPLICATIONS

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

- Provide decent and affordable homes.

#### 7. CONSULTATION

- 7.1 None required.

#### 8. RISK IMPLICATIONS

- 8.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 8.2 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.
- 8.3 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

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

- 9.1 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.

10. CORPORATE IMPLICATIONS

- 10.1 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:

Affordable Housing Delivery Report, Scrutiny Commission 17 September 2015

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