

## **Report to Cabinet**

**Subject:** Approach to Affordable Housing

**Date:** 15 January 2014

**Author:** Service Manager: Housing & Localities

### **Wards Affected**

Borough wide.

### **Purpose**

To advise Cabinet of the two main options for delivering affordable housing, and gain support for the preferred approach.

### **Key Decision**

This is not a key decision.

### **Background**

- 1.1 The Housing Strategy 2010 – 2014 and the Affordable Housing Supplementary Planning Document (SPD) both identified the need for a significant number of affordable homes to be provided to meet both current and emerging housing need. The Housing Strategy identified the need for 139 affordable homes per year for the next 10 years, and the Affordable Housing SPD identified the need for 301 affordable homes per year. The 2013/14 service plan for Housing and Localities also includes a performance indicator NI 155, which is a measure of the number of affordable homes provided. The current year's figure is 50, increasing to 55 next year. This figure is considerably lower than the required figures, but is based on the potential number of units which the current developments in the borough have the capacity to deliver.
- 1.2 This disparity between the figures demonstrated the need for the Service Manager to become actively involved in encouraging and delivering more affordable homes. There is also the wider desire of the Council to:
  - Provide more homes of the right type in the right place
  - Implement the Get Gedling Building project for unused sites

- Be an efficient council that is responsible with its resources, avoids waste and makes the most of what it has.

1.3 The tools available to the Council to directly contribute to the development of affordable housing are:

- Land
- Funds including attracting in external funding e.g. from the Homes & Communities Agency

1.4 This report sets out the options available to deliver affordable housing utilising these tools within the available resources.

1.5 Land

There has been an appraisal of some of the small sites of land owned by the Council in partnership with the Development Management and Estates departments. These pieces of land are predominantly former garage sites and small sites across the borough. This process has only identified two possible sites for affordable housing development. The recommendation for the other sites would be determined on a case by case basis to ensure value for money is secured for the Council – i.e. to sell them with planning permission to generate the best return for the Council. The usage of any capital receipts would be determined by the Council in its consideration of the proposed capital programme and the impact on the revenue budget.

1.6 The two sites with potential for development for affordable housing are:

**Rutland Road, Gedling** – a development in partnership with Nottingham Community Housing Association is progressing as they have been granted funding from the HCA's Care & Support Specialised Housing Fund to build six units of supported accommodation for adults with learning difficulties.

A separate report will be presented to the Portfolio Holder for the Environment in due course to seek specific approval to progress this.

**Dunstan Street, Netherfield** – a de-commissioned play area currently under Leisure's remit, but with the possibility to be brought forward for housing.

In addition there is **the former Grove Hotel public house site** which was purchased in March 2013 specifically for development of affordable housing.

## 1.7 Funds

The Council does not have a capital fund for affordable housing, but has negotiated with developers on certain sites and agreed to take a commuted sum in lieu of onsite provision of affordable housing. The Council currently holds £458,700 for this purpose.

- 1.8 The commuted sums have a limited time period for the Council to spend them on affordable housing. If they are not spent by this time, they must be returned to the developers concerned. The first commuted sum would fall due for repayment in 2020. Although this is still some time away, three of the ten years have already been used, and a development process is likely to take considerable time to reach the point of paying invoices.

Site	Original value	Expended	Remaining	Deadline for spending
Parry Court, Mapperley	£180,000	£174,035 (on The Grove)	£5,965	January 2020
Parry Court, Mapperley	£84,735	Nil	£84,735	May 2021
Chapel Lane, Ravenshead	£50,000	Nil	£50,000	May 2021
Spring Lane, Mapperley	£318,000	Nil	£318,000	May 2023
<b>Total</b>	<b>£632,500</b>	<b>£174,035</b>	<b>£458,700</b>	

- 1.9 There are two options for how the commuted sums could be used:

- a) The Council uses its commuted sum to directly purchase land or properties;
- b) The Council tenders its commuted sum to fund housing associations to build properties and, through the appraisal process, prioritises those proposals which include derelict sites, hence delivering against the Get Gedling Building agenda.

- 1.10 To date, the Council has used a portion of its commuted sum to purchase the former Grove Hotel public house in Daybrook, and is currently considering how best to progress its development. This process has required considerable input from several sections of the council, and has exposed the council to a number of risks.

## **Proposal**

- 2.1 In considering the above options it is proposed that the delivery of affordable housing is approached in the following way:

### Land

The Service Manager for Housing & Localities will continue to progress options for the three identified sites; (The Grove, Rutland Road and Dunstan Street).

The Estates Section will progress the sale of those sites identified as having the potential to be sold, and will take steps to acquire planning permission prior to sale to ensure the best receipt for the council.

### Funds

That, in view of the Council's capacity, and to reduce the amount of risk the council is exposed to, that option b) in paragraph 1.9 is progressed once the decision has been reached on The Grove, and that the Service Manager for Housing & Localities consults with Legal Services and the Procurement Officer to design and implement a process to procure a development partner to expend the commuted sums that the Council holds at present. This could be linked to stalled sites across the borough.

## **Alternative Options**

3. Not to adopt a standard approach to managing the Council's assets in terms of how they support the delivery of affordable housing and to manage both the land and funds on a more ad hoc basis. This option would be led by the housing market and whilst it would still deliver affordable homes through Section 106 arrangements, it would lack the drive and focus which the actions proposed in the report could deliver.

## **Financial Implications**

- 4.1 The proposal to provide funding to housing associations to build affordable housing would be fully financed by the commuted sums currently held which are restricted by legal agreements for this purpose only. Any proposed capital schemes will require formal Member approval for inclusion in the Capital Programme.
- 4.2 Any decision to dispose of the Council's land holdings which are not currently in operational use are determined on a case by case basis to ensure value for money is secured for the Council. The usage of any capital receipts is determined by Council in its consideration of the proposed capital programme and the impact on the revenue budget

**Appendices**

5. None

**Background Papers**

6. None

**Recommendations**

THAT:

Cabinet notes and supports the approach for the delivery of affordable housing set out in the report.

**Reasons for Recommendations**

To inform Cabinet of the approach to be taken by officers in the delivery of affordable housing.