

## SERVICES OVERVIEW COMMITTEE (3/2/15) CABINET (10/2/15)

### Chiltern District Council

<b>SUBJECT:</b>	<b>AFFORDABLE HOUSING DELIVERY UPDATE</b>
<b>REPORT OF:</b>	Community, Health and Housing – Councillor Peter Hudson
<b>RESPONSIBLE OFFICER</b>	Head of Healthy Communities – Martin Holt
<b>REPORT AUTHOR</b>	Housing Manager – Michael Veryard
<b>WARD/S AFFECTED</b>	All

#### 1. Purpose of Report

The purpose of this report is to:

- update Members of the delivery of additional affordable housing in Chiltern,
- summarise the latest position regarding the receipt and allocation of Affordable Housing Contributions (i.e. contributions paid via the planning process in lieu of on-site affordable housing), and
- make recommendations for further expenditure utilising allocations of Affordable Housing Contributions.

#### RECOMMENDATIONS

**That:**

- 1. The report is noted.**
- 2. That the Council allocates £500,000 from Affordable Housing Contributions receipts to Paradigm Housing to support a programme of property acquisitions in Chiltern District whereby the acquired properties will be let as affordable housing via the Bucks Home Choice Scheme.**
- 3. That the Council allocates £500,000 from Affordable Housing Contributions receipts to be made available to Registered Providers who bring forward schemes to deliver additional affordable housing in Chiltern and subject to any scheme specific allocations requiring authorisation by the Head of Service in consultation with the Portfolio Holder for Healthy Communities.**

**2. Executive Summary**

Over the last 5 years (2010/11 to 2014/15) Chiltern has seen a total of 241 additional affordable homes delivered through new build or property acquisitions. The demands for affordable housing and the pressures on the Council's housing options and homelessness service remain high and the likelihood is that these pressures will increase in the coming years.

As at 31<sup>st</sup> December 2014, the Council had received a total of £1,649,842 from Affordable Housing Contributions (included a commuted sum received prior to the adoption of the Core Strategy). To date, £740,125 has been committed to support schemes to (i) acquire 15 properties to let as affordable rented housing (Paradigm – Scheme completed) and (ii) convert/redevelop vacant office accommodation into affordable rented flats (Hightown Praetorian – Scheme due for completion in March/April 2015)

It is proposed that the Council should make further allocations from its Affordable Housing Contributions receipts to support a further programme of property acquisitions (£500,000) and to provide a fund to support Registered Providers to bring forward new affordable housing schemes (£500,000)

**3. Reasons for Recommendations**

The recommendations will build on the lessons learned from the first phase of Affordable Housing Contribution allocations and will (i) support the immediate delivery of additional affordable housing to meet local needs via a purchase scheme and (ii) maximise the possibility of additional affordable housing opportunities being brought forward by Registered Providers.

**4. Content of Report**

**Affordable Housing Delivery**

**4.1** The Core Strategy for Chiltern District defines "Affordable Housing" as "Housing, whether for rent, shared ownership or outright purchase, provided at a cost considered affordable in relation to incomes which are average or below average, or in relation to the price of general market housing." The Core Strategy set a target for 500 affordable dwellings to be completed between 2011 and 2026 (an average of 33 affordable dwellings per annum).

**4.2** Following the adoption of the Core Strategy, Chiltern District Council adopted an Affordable Housing Action Plan that sits within the Council's Strategic Housing Framework document. The overall objectives within the plan include:

- (i) Maximise Delivery of Affordable Housing through Core Strategy
- (ii) Maximise Delivery of New Affordable Housing Development on site.
- (iii) Make the best use of the Council's resources to support the delivery of Affordable Housing

**4.3** The delivery of additional affordable housing in Chiltern over the last five

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years has delivered an average of 47 properties per year and is summarised below

<b>Affordable Housing Delivery in Chiltern District (Dwellings)</b>					
<b>Year</b>	2010/11	2011/12	2012/13	2013/14	2014/15*
Rented	26	26	67	13	50
Intermediate (e.g. shared ownership)	20	3	35	0	1
<b>Total</b>	46	29	102	13	51
Of which number of New Build properties	46	29	102	6	43

(\* The figure for 2014/15 is an estimate based on completed dwellings and dwellings that are due to be completed by 31/3/15. The estimated figure of **51** dwellings comprises the following schemes:

- Alfred Rose VC Close, Chesham (Paradigm) = **11**(Completed)
- Bloomfield Cottages, Bellingdon (Paradigm) = **6** (Completed)
- Stokebury, Amersham (Hightown) = **8** (Completed - Affordable rented properties as part of supported housing scheme)
- Acquisition of Existing Properties (Paradigm) = **8** (Completed)
- Chequers, Chesham (Hightown) = **18** (Due for completion by 31/3/15 with a further 4 flats due for completion in 2015/16))

**4.4** Looking ahead, the Core Strategy allocated a number of sites for new housing which will include the delivery of additional affordable homes. The current position on each allocated site is as follows:

**(a) Former Amersham and Wycombe College – Chesham Campus**

The site re-development is underway and includes 18 affordable homes due for completion in June 2015.

**(b) Donkey Field, Burtons Lane, Little Chalfont**

The site re-development is underway and includes 18 affordable homes due for completion in December 2015.

**(c) Lincoln Park, Amersham**

Conditional planning permission has been granted for a scheme that will include 13 affordable homes.

**(d) The Grange/Holy Cross Convent, Chalfont St Peter**

Conditional approval granted for development including 35% affordable housing (68 homes).

**(e) Newlands Park, Chalfont St Peter**

Planning applications have been registered for the redevelopment of the site. The application includes proposals for 43 affordable homes on site.

**Affordable Housing Contributions**

**4.5** The Core Strategy Policy CS8 requires that an AHC (Affordable Housing Contribution) is payable on any new developments where there is a net gain of 1 to 4 dwellings (unless it can be demonstrated that is not financially viable to do so). Developments with a net gain of 5 or more dwellings are expected to deliver affordable housing on site with AHCs only being payable in-lieu of on-site housing in exceptional circumstances,

**4.6** As at 31st December 2014, the overview of the AHCs (Affordable Housing Contributions) was as follows:

<b>Affordable Housing Contributions (Position at 31/12/14)</b>		
<b>Source</b>		<b>Sum</b>
<b>1</b>	<b>Housing Sites granted planning permissions since Policy CS8 was adopted</b>	<b>£2,670,307</b>
	Of which:	
	(i) Payment received	£1,179,842
	(ii) Payment pending (e.g. development not yet commenced)	£1,490,465
<b>2</b>	<b>Schemes allowed on appeal</b>	<b>£470,000</b> <b>(One scheme that pre-dates Policy CS 8)</b>
<b>3</b>	<b>Schemes agreed in principle and awaiting completion of a legal agreement</b>	<b>£130,462</b>
<b>TOTAL</b>		<b>£3,270,769</b>
Of which total payments received		£1,649,842
<b>Committed funds</b>		<b>£740,125</b>
<b>Uncommitted funds (i.e. Payments received and not committed)</b>		<b>£909,717</b>

(Note – This table is a snapshot of the position as at 31/12/14. The figures are regularly changing as more planning permissions are granted, receipts are received etc.)

**4.7** The committed funds (£740,125) in the above table relate to two schemes as follows:

<b>Affordable Housing Contributions – Committed Schemes</b>		
<b>Scheme</b>	<b>Progress</b>	<b>CDC Contribution</b>
<b>Paradigm Housing Group</b>	Completed	<b>£375,000</b>

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- Acquisition of 15 properties in Chiltern District to be let as Affordable Housing		
<b>Hightown Praetorian and Churches Housing Group</b> - Conversion and re-development of empty office block at The Chequers, Chesham, to provide 22 affordable rented flats	Completion due March/April 2015	<b>£365,125</b> (Original provisional allocation was £500,000. Contribution reduced when scheme and costs were confirmed)
<b>Total Committed Funds (CDC Contribution)</b>		<b>£740,125</b>

**4.8** The table in Paragraph 4.6 shows that as at 31<sup>st</sup> December 2014, the Council had received AHC receipts totalling £909,717 which have not yet been committed. This report makes recommendations for further funding commitments utilising these receipts and further details of these recommendations are in Section 6 (Options).

**4.9** On 28<sup>th</sup> November 2014 the Government announced changes to NPPG (National Planning Policy Guidance) which came into effect on the same date. The main changes can be summarised as follows:

- For schemes of 10 units or less, and which have a maximum combined gross floor space of 1,000 square metres, affordable housing and tariff style contributions should not be sought.
- In areas of Outstanding Natural Beauty and designated rural areas under Section 157 of the Housing Act 1985, authorities may choose to implement a lower threshold of 5-units or less (and if an authority chooses to do this then payment of affordable housing and tariff style contributions on developments between 6 and 10 should be sought as a cash payment only and be commuted until after completion of units within the development)
- Changes in national planning policy will not apply to rural exception sites.

**4.10** A full report on the implications of the NPPG changes for Chiltern District Council is being submitted to the Sustainable Development Policy Advisory Group. For an affordable housing standpoint, there will be significant implications if the Council can no longer generate AHCs from sites of 10 units or less.

**4.11** To provide a wider context, additional affordable housing supported by AHC income is having a significant impact on increasing the overall availability of affordable housing in Chiltern. If CDC can repeat the example of the Paradigm and Hightown schemes highlighted above and deliver an additional 35 to 40 affordable homes per annum using AHC funding. This would account for approximately 15% of the total annual estimated number of social housing

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vacancies in Chiltern (based on a total estimate of 260 vacancies in 2014/15).

**4.12** During 2014/15, CDC has seen increasing levels of homelessness and has to resort to the use of bed and breakfast accommodation to accommodate homeless households. Rising house prices and rental costs and the changes to the rental market have reduced the availability of accommodation in the private sector. This situation is likely to worsen over the next few years.

**4.13** Without additional affordable housing, CDC will face increasing pressures on its housing and homeless services and needs to maximise the availability of affordable housing in the district. The restrictions on AHC income will make this considerably more difficult to achieve.

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#### 5. Consultation

Not applicable.

#### 6. Options

6.1 As at 31<sup>st</sup> December 2014, the Council received AHC receipts totalling £909,717 which have not yet been committed. It is proposed that the Council makes further allocations of AHC receipts as follows:

Acquisition of Properties (Paradigm)	£500,000
Support Registered Providers	£500,000

6.2 It will be noted that these proposed allocations total £1,000,000 which exceeds the total AHC receipts as at 31<sup>st</sup> December 2014. However, as mentioned previously, the position of AHC receipts is continually changing as further income is received and the total unallocated receipts is likely to reach £1,000,000 in the near future. Any allocations which are made the Council will be subject sufficient receipts being available.

Further details on the proposed allocations are as follows:

#### **Acquisition of properties (Paradigm Housing) = £500,000.**

6.2 As shown above, a previous allocation of £375,000 was made to support Paradigm Housing to undertake property purchases in Chiltern which were then let via the Bucks Home Choice. This was the first programme of purchases to take place in Chiltern for over 10 years and provided an opportunity for Paradigm to assess the housing market in the district. While high prices in some locations in Chiltern severely limit the possibility of acquisitions, Paradigm successfully completed a programme of 15 purchases across a range of locations in Prestwood, Chesham, Chalfont St Giles, Chalfont St Peter and Hyde Heath. This included 8 three bedroom houses for families.

6.3 The purchase programme demonstrated a number of benefits to the Council:

- It delivered a steady stream of additional affordable properties to let during the course of the year. This provided a valuable addition to new build affordable housing (where there can be significant time gaps between scheme completions) to meet local housing needs.
- It delivered property types and locations to meet clear needs identified by the Council's Housing Options Team. This included targeting and delivering properties in locations where new build opportunities were limited.
- It provided the opportunity to identify and deliver properties to address specific housing needs that could not be met from the existing supply.

6.4 Based on this experience, it is proposed that the Council allocate up to £500,000 to support Paradigm to undertake a further programme of purchases in Chiltern District. Paradigm has expressed interest in undertaking a further programme and at the time of writing officers from the Council and Paradigm are due to meet to discuss how a proposed scheme would operate and the

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level of financial contribution per property that Paradigm would be seeking from the Council (the Council contributed £25,000 per property for the previous programme). A verbal update will be given at the meeting.

#### **Support Registered Providers = £500,000**

**6.5** The limited new build opportunities and high land prices in Chiltern mean that Registered Providers will rarely have a new affordable housing scheme that is ready to proceed and is simply awaiting funding. The scheme at The Chequers in Chesham (see paragraph 4.7) was brought forward by Hightown Praetorian and Churches Housing Association after the Council had agreed a provisional allocation of funding. This provisional allocation was subject to Hightown then identifying a suitable scheme to convert/redevelop vacant office accommodation in the district. This provided an example of how the Council can potentially use a provisional allocation to encourage and support Registered Providers to identify and bring forward affordable housing opportunities in the district.

**6.6** As part of the shared housing service implementation, officers have held a series of meetings with Registered Provider partners to discuss their current and future plans. Most stated that they were still very keen to look at opportunities in Chiltern and South Bucks, but highlighted the challenges that they faced in bringing forward schemes in the district. Based on the experience of the Chequers scheme, it is proposed that the Council makes a general provisional allocation of £500,000 which is available to support and incentivise Registered Providers. Registered providers would be invited to bring forward schemes to utilise this funding. For example, this could include utilising funding to support site acquisitions or increase affordable housing provision in proposed developments (e.g. above the Core Strategy requirements). In line with the requirements of the Affordable Housing Supplementary Planning Document, any proposals to utilise all or some of the £500,000 provisional allocations will be subject to the approval of the Head of Service in consultation with the Portfolio Holder for Healthy Communities.

## **7. Corporate Implications**

### **7.1 Financial**

The expenditure proposals in this report will utilise Affordable Housing Contributions that have been received by the Council. The conditions attached these contributions mean that they have to be utilised to support affordable housing provision.

### **7.2 Legal**

This report has no legal implications for the Council.

## **8. Links to Council Policy Objectives**

The report and proposals are linked to the Council's Policy Objective "We will work towards safer and healthier local communities" which includes "Work to support the local economy through broadband roll out, affordable homes and



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the introduction of a local economic plan.”

The Council’s corporate Strategic Housing Framework document was due to be revised and updated in 2014. This was delayed to allow officers to focus on the housing service review and the subsequent shared service implementation. The review of the Strategic Housing Framework will be undertaken during 2015 and officers will be assessing affordable housing issues across both Chiltern and South Bucks in order to identify common themes and opportunities and to look at developing a joint strategic housing document across both districts.

#### 9. Next Step

If the recommendation is agreed then the Council will (i) instruct Paradigm Housing to proceed with a programme of property acquisitions and (ii) will invite Registered Providers to submit proposals to utilise recycled Affordable Housing Contributions to support additional affordable housing delivery (Officers will draft a criteria which will be used to judge proposals in terms of value for money and the requirements of the Council’s Affordable Housing SPD).

<b>Background</b>	None
<b>Papers:</b>	