

SUBJECT:	Affordable Housing Contributions Update
RELEVANT MEMBER	Councillor Patrick Hogan
RESPONSIBLE OFFICER	Head of Healthy Communities – Martin Holt
REPORT AUTHOR	Housing Manager – Michael Veryard
WARD/S AFFECTED	All wards

1. Purpose of Report

To provide Members with an annual update on the position of the Affordable Housing Contributions received by the Council (via Section 106 agreements) and to seek approval for the allocation of available funding to schemes specified in the report.

RECOMMENDATIONS

1. That the update on Affordable Housing Contributions is noted.
2. That the uncommitted funds are allocated as follows:
 - (i) Your Choice Equity Loan Scheme = £336,885
 - (ii) Funding of Major Void Works -Retention of L&Q Housing Stock to secure move-on accommodation for temporary accommodation = £250,000
 - (iii) Provision of Additional Affordable Housing = £366,322 (Allocations to specific schemes from this sum would be subject to the approval of the Head of Healthy Communities in consultation with the Healthy Communities Portfolio Holder)
3. That Affordable Housing Contribution income and underspend from any existing commitments is allocated generally to support the provision of additional affordable housing with specific schemes subject to the approval of the Head of Healthy Communities in consultation with the Healthy Communities Portfolio Holder

2. Executive Summary

Not applicable

3. Reasons for Recommendations

To secure that the income from Affordable Housing Contributions is allocated effectively to support the provision of additional affordable housing and the retention of existing stock (in order to meet local housing needs and provide move-on accommodation for homelessness households in temporary accommodation)

4. Content of Report

- 4.1. The Council's Core Strategy (adopted in 2011) and Affordable Housing Supplementary Planning Document (adopted in 2013) make provision for developers to pay a financial Affordable Housing Contribution in lieu of on-site provision where there are sound planning reasons or other reasons. These funds are then utilised by the Council to help secure affordable housing elsewhere.
- 4.2. As at 8th January 2020, the position of the AHCs (Affordable Housing Contributions) was as follows:

Affordable Housing Contributions	£
AHCs received since January 2011	£10,253,155
Funds spent	£9,013,271
Committed Funds	£286,677
Uncommitted Funds	£953,207

Further details are set down in the following paragraphs.

Funds spent to date (£9,013,271)

- 4.3. The funds spent to date (£9,013,271) have delivered additional affordable housing via a range of schemes since 2011:

Scheme	Delivery
Property acquisitions (L&Q)	39 x units acquired and let
Your Choice Equity Loan (Catalyst)	25 x equity loans granted to support applicants to purchase homes
Downsizing	15 x Registered Provider tenants supported to downsize
Incentive to Purchase	1 x Registered Provider tenant supported to acquire property
Subsidy to convert new build shared ownership to rent	18 x units converted to rent on two schemes (L&Q and Hightown)
Property acquisitions for use as temporary accommodation (Bucks HA)	3 x units acquired and let as temporary accommodation
Temporary Accommodation schemes at Bath Road <ul style="list-style-type: none"> - 1-12 Walters Court - 801 Bath Road 	14 x units through: <ul style="list-style-type: none"> - the new development of 12 units at 1 - 12 Walters Court and - the conversion of 801 Bath Road (Winton Cottage) to provide 2 units.

Committed Funds (£286,677)

4.4. The committed funds (£286,677) are broken down as follows:

Scheme	Committed Funds
Temporary Accommodation Scheme – 801 Bath Road (Winton Cottage)	£4,393
Potential land acquisition	£178,146
Other Temporary Accommodation and Move-On Initiatives – Retention of L&Q stock	£104,138
Total	£286,677

Further details on each scheme are below

(a) Temporary Accommodation Scheme – 801 Bath Road (Winton Cottage) - £4,393

4.5. A retention payment remains outstanding following the completion of the works to the property.

(b) Potential Land Acquisition - £178,146

4.6. Following the Council's acquisition of 801 Bath Road, the sum of £178,146 remains set aside for the potential purchase of further land in the area. This potential purchase is being reviewed and the sum will be re-allocated if it is decided not to proceed with any purchase.

(c) Other Temporary Accommodation or move-on initiatives – Retention of L&Q Housing stock - £104,136

4.7. At the time of the last annual update report, a sum was committed to support initiatives to deliver more options for temporary accommodation or move-on accommodation. The sum was committed on the basis that specific scheme proposals to allocate this funding would be brought forward by the Head of Healthy Communities and subject to consultation and agreement with the Portfolio Holders for Healthy Communities and Resources on a scheme by scheme basis.

4.8. Subsequently, this sum has been allocated to support the retention of five L&Q-owned rented properties that would otherwise have been sold on the open market. This was agreed by the Head of Healthy Communities in consultation with the Portfolio Holders for Healthy Communities and Resources.

4.9. This arose from L&Q's decision in 2019 to adopt a nationwide policy across its housing stock whereby it would:

- (i) review social housing tenancies as and when they became vacant and
- (ii) sell the property on the open market (instead of re-letting it) if it required extensive remedial works costing more than £10,000 to bring it up to a lettable standard.

4.10. L&Q adopted this policy in response to increasing financial pressures arising from both the slowdown in the housing market (reducing income from shared ownership and market sales) and the high costs arising from the remedial fire safety works that L&Q is having to undertake across its housing stock following the Grenfell fire. This policy is intended to generate an immediate capital income for L&Q to help the increased financial pressures. L&Q does not intend to operate this policy indefinitely and will keep it under review depending how its financial position develops over the next 12 to 18 months.

4.11. Officers met with L&Q last year to discuss the disproportionate impact of this policy on South Bucks where L&Q is the main source of social housing tenancies. L&Q agreed that it would notify the Council on a case by case basis when it had vacant property in South Bucks District where the void costs had triggered a potential sale. The Council would then have the option to offer to meet all or part of the remedial works costs if it wished to see the property retained within the social housing stock and not sold. Full details of the notification procedure are set down in **Appendix 1**.

4.12. In accordance with the procedure in Appendix 1, the Council has agreed to fund the remedial works to five L&Q properties in order to ensure that they are retained in the local social housing stock and can be utilised to move on homeless households from temporary accommodation.

Uncommitted Funds (£953,207)

4.13. It is proposed the funds which are currently uncommitted should be allocated as follows:

Scheme details	Sum
Your Choice Equity Scheme Your Choice Equity loans are delivered by Catalyst Housing and co-funded by Catalyst and SBDC. The scheme supports first-time buyers to access an equity loan to purchase housing on the open market. The loan is repayable to the Catalyst and SBDC on the sale of the property. This scheme was put on hold in 2018 due to a market slowdown and other demands on the Affordable Housing Contributions fund. An allocation of £336,885 for the scheme was out on hold at that time. It is proposed to release this allocation to allow the Council to review the scheme with Catalyst	£336,885

<p>and deliver further loans if the demand exists. This includes the opportunity to review the scheme parameters and identify how it could potentially be extended to a wider group (e.g. key workers).</p>	
<p>Funding of Major Void Works -Retention of L&Q Housing Stock to secure move-on accommodation for temporary accommodation</p> <p>It is proposed to allocate a sum to continue meet the cost of major void works in L&Q properties where the property would otherwise be sold on the open market. This follows on from the initial commitment described in paragraphs 4.7 to 4.12 of this report and would be undertaken using the procedure set down in Appendix 1.</p>	<p>£250,000</p>
<p>Provision of Additional Affordable Housing</p> <p>It is proposed that this sum is allocated generally to provide grant funding to support schemes that deliver additional affordable housing or temporary accommodation through the development of new properties or acquisition of existing accommodation (e.g. funding support to Registered Provider). Allocations to specific schemes from this sum would be subject to the agreement of the Head of Healthy Communities in consultation with the Healthy Communities Portfolio Holder.</p>	<p>£366,322</p>

4.14. The Council is scheduled to receive further Affordable Housing Contributions. These contributions will increase the level of funds available. As and when that happens, the Head of Healthy Communities will review the options and agree allocations for utilising the funds to secure further affordable housing in consultation with the Healthy Communities Portfolio Holder. This will include re-allocating any underspend from any of the other commitments set down in this report.

4.15. Allocations made before 1 April will be dealt with under the delegated arrangements set down in this report. These delegations do not carry forward to Buckinghamshire Council post-vesting day although this report indicates how South Bucks District Council would like the Affordable Housing Contributions to be allocated going forward. The decision on allocations post-vesting day will rest with the new Council/cabinet portfolio holder and Corporate Director.

5. Consultation

Not Applicable

6. Options (if any)

The background details to the options for allocating funding are set down in this report.

7. Corporate Implications

7.1 Financial

The schemes and initiatives being supported by the Affordable Housing Contributions are being delivered within the Council's budget and will help to reduce the use of nightly booked temporary accommodation. This will in turn help to reduce the Council's temporary accommodation costs.

7.2 Legal

The Council's Affordable Housing Supplementary Planning Document enables the Council to utilise funding from Affordable Housing Contributions to support the delivery of affordable housing within the district.

8. Links to Council Policy Objectives

8.1 Delivering cost-effective customer-focussed services

8.2 Working towards safe and healthier local communities

9. Next Steps

The existing financial commitments will be completed and the uncommitted funds will be allocated in accordance with the proposals in this report. Further schemes will be brought forward for consideration when further Affordable Housing Contributions income is received.

Background Papers:	None other than referred to in this report
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