

NORTH SOMERSET COUNCIL

**DECISION OF COUNCILLOR AP REES
EXECUTIVE MEMBER FOR STRATEGIC PLANNING, HIGHWAYS,
ECONOMIC DEVELOPMENT AND HOUSING
WITH ADVICE FROM THE DIRECTOR, PEOPLE AND COMMUNITIES**



DECISION NO: P&C50

SUBJECT: APPROVAL FOR USE OF FUNDING FOR AFFORDABLE HOUSING DEVELOPMENT

BACKGROUND

A planning application was submitted in January 2014 for a private residential scheme at Wellsea Grove, WsM. Planning permission for this development has now been granted and the s106 agreement signed. A review of the viability concluded that the scheme was financially unviable to deliver the councils requirement of 30% affordable housing. Subsequently a formal Executive Decision (P&C34) was taken when it was agreed to provide up to £400,000 funding to provide 11 units of affordable housing should a bid to the Homes & Communities Agency (HCA) for this funding be unsuccessful or the full amount not obtained.

The owner of the site has however not progressed this development and Stonewater Housing Association (SHA) have agreed to purchase the land and are planning to develop, in line with the existing planning consent, 35 homes of affordable housing; 24 units for affordable rent (2x2 bedroom house, 22x3 bedroom house) & 11 units for shared ownership (4x2 bedroom house, 7x3 bedroom house). (36 units consented but one unit is a replacement for an existing private unit).

SHA are requesting £875,000 of local authority funding to support delivery of these 35 homes.

The need for local authority funding is due to a number of factors including the proposal in the Welfare Reform & Work Bill to require housing associations to reduce rents by 1% per annum. This national policy change would reduce the capital loan repayment capacity of housing associations; impacting on the deliverability of rented affordable homes for which there is a great need within the district. The site is also located within a flood zone and on-site mitigation measures required, including raising land levels and providing a pump station, have contributed to the overall scheme costs.

SHA are liaising with departments within the council (Adult Social Care) regarding provision of some units for people with support needs and provision of adapted homes for people with accessibility needs. Provision of varying tenures (including shared ownership which is designed to help people onto the property ladder who may not be able to purchase a home outright) and delivery of accommodation for people with different requirements will help to create a mixed and balanced community; vital for the long term sustainability of the scheme.

On top of significant financial investment from SHA themselves, capital funding to support delivery of these homes has been secured through the Homes & Communities Agency. Having assessed the total cost of the scheme, and consulted with the councils Corporate Finance team, the scheme has been assessed as providing value for money and a good use of public subsidy.

DECISION

That the council enter into a formal contract to provide SHA with £875,000 to deliver 35 affordable homes at Wellsea Grove, WsM consisting of 24 units for affordable rent (2x2 bedroom houses, 2x3 bedroom houses) & 11 units for shared ownership (4x2 bedroom houses, 7x3 bedroom houses).

Note: If the Welfare Reform and Work Bill is not enacted so that rents in social housing will not be reduced by 1% a year, this will have a positive impact on the viability of this scheme and reduce, in part, the public subsidy requirement. To allow for this, the formal agreement with SHA will include a repayment mechanism for them to repay to the Council a proportion of the original payment of £875,000 to reflect the non-increase in rent.

REASONS

To contribute to the Council's target to provide at least 150 affordable homes per year.

OTHER ALTERNATIVES CONSIDERED

Not agreeing to fund these units would mean 35 affordable homes would not be delivered. Furthermore allocated grant funding from the Homes & Communities Agency and a significant level private investment from SHA themselves would not be utilised within the area.

FINANCIAL IMPLICATIONS

The funding can be met from resources set aside specifically for the provision of affordable housing.

The provision of planned and suitably designed accommodation provided alongside a package of care for those with specific needs, such as mental health, can result in efficiency savings which reduces the long term care costs of the council.

IMPLICATIONS FOR FUTURE YEARS

There are no ongoing financial implications, but providing funding for the development of these units will secure them as affordable housing in perpetuity for those in housing need, contributing to the council's target to provide at least 150 affordable homes per year.

Reviewed:
Mark Hughes, Head of Strategic Housing

Dated:

Signed:
Councillor Ap Rees
Executive Member for Strategic Planning, Highways, Economic Development
And Housing

Dated:

Confirmation of advice given:

Signed:
Sheila Smith
Director, People and Communities

Dated: