

**NORTH SOMERSET COUNCIL
DECISION**

**DECISION OF: CLLR DON DAVIES, THE EXECUTIVE MEMBER FOR HOUSING
WITH ADVICE FROM: THE DIRECTOR OF PEOPLE AND COMMUNITIES
DIRECTORATE: PEOPLE AND COMMUNITIES**



DECISION NO: PC46

**SUBJECT: GRANT FUNDING FOR AFFORDABLE HOUSING AT WARLEY'S LANE
AND SCOT ELM DRIVE, WEST WICK**

KEY DECISION: YES

**REASON: THE PROPOSAL WILL RESULT IN COUNCIL EXPENDITURE OVER
£500,000**

BACKGROUND:

Curo, a Housing Association Registered Provider, is part of a strategic partnership with Homes England, aimed at increasing the supply of affordable housing. Curo has approached North Somerset Council to offer delivery of a 100% Affordable 17-unit scheme on two small sites in West Wick, if they can secure grant from North Somerset Council, to be used in addition to Homes England grant.

The Sites, which currently have outline planning consent, combined will produce 17 units composed of 9 x three-bed and 8 x four-bed.

| Site A 'Scot Elm Drive' | Site B 'Warley's Lane' |
|--------------------------------|-------------------------|
| 4 x 3 bed and 5 x 4 bed houses | 5 x 3 bed and 3 x 4 bed |

The tenure proposal is:

| Social Rent | Shared Ownership |
|-------------|------------------|
| 7 x 3 bed | 2 x 3 bed |
| 5 x 4 bed | 3 x 4 bed |

There is an acute need for affordable housing generally, but especially larger units. On HomeChoice (the council's system for managing social housing lettings), there are currently 68 families in Band A and 252 families in Band B seeking three and four-bed homes in Weston-super-Mare alone.

Since July 2017, only seven affordable four-bed new homes have been built, of which five were for affordable rent and two were for Social Rent.

Over the same period, there were 34 affordable three-bed new builds, 23 of which were for affordable rent and 11 were for social rent.

In terms of other properties available to those on the HomeChoice register, in the same period in the whole District there have been 12 four-bed home available for letting and 151 three-bed homes.

Context

These sites are in a location which has been under development for some time (totalling around 250 units). In terms of affordable housing, social rented and shared ownership dwellings have been secured in the immediate vicinity. One site achieved 30% affordable housing and the other two main sites achieved 20% and 12% respectively.

The type of affordable accommodation being secured on these other sites has also been mixed, predominantly flats and most of these dwellings are two-beds, with some three-beds and a very small number of four-beds.

The two sites which are the subject of this report each have separate outline planning consent (one for eight units, the other for nine). As the sites are separate, they are both below the policy threshold for requiring affordable housing and therefore there is no S106 requirement to provide any. Therefore, if we chose not to invest in the proposal the development would come forward for 100% open market sale.

Affordability for the End User

The affordability of larger units, which can accommodate more than two children can be challenging for people on benefits to afford due to either benefit restrictions or the benefit cap. Therefore, the most affordable rent level for these larger units is Social Rent as this would increase the likelihood of people in the greatest need achieving a nomination and sustain that tenancy once achieved.

DECISION:

The council to enter into a contract with Curo that on payment of £505,000 by the council to Curo, 17 affordable homes will be provided with 100% nomination rights (rented units only) and in perpetuity on land at Warley's Lane and Scot Elm Drive, West Wick as specified in this document.

REASONS:

The provision of the funding will enable the development of 17 affordable housing units, which would otherwise come forward for open market sale. The units proposed are three and four-bedroom units which are in short supply and for which there is a high demand.

The additional units will contribute to the council's annual target for the delivery of additional affordable homes.

OTHER OPTIONS CONSIDERED:

An option to deliver the rented units as affordable rented tenure (80% of market rent) was considered, which would have required a lower amount of grant from the council of

£440,000. This option was discounted based on lack of affordability in real terms to those on the council's waiting list, especially those in greatest need.

This lack of affordability is caused by benefit restrictions and the benefit cap, which particularly affects people with more than two children, whom would typically qualify for the property sizes proposed in this case.

Not providing the funding – the units would be provided as housing for open market sale, rather than affordable housing.

FINANCIAL IMPLICATIONS:

Costs

The proposal is to deliver 17 dwellings across two sites. The tenure of the homes will be 12 social rented units and five as shared ownership.

The Curo financial appraisal for the scheme, has assumed Homes England grant of £66,000 per social rented unit and £37,000 per shared ownership unit, giving a total of £977,000 Homes England Grant.

This leaves a gap of £505,000 in the business case. The business case assumptions used in the financial appraisal have been scrutinised and were found to be within normal and acceptable parameters.

In order to close this gap, Curo has requested additional funding from NSC of £37,917 per unit for the social rented units and £10,000 per unit for the shared ownership units giving a total of £505,000.

There are no on-going cost implications to the council arising from this report.

Funding

In circumstances where affordable housing is not deliverable on site, the council will on occasion accept a commuted sum in lieu of units, to be held and used by the council solely for the purposes of enabling affordable housing in the district. These sums are referred to as S106 commuted sums.

It is proposed to allocate £505,000 grant funding within the council's Capital Programme drawn from S106 commuted sums.

It is proposed to provide 50% of the sum at commencement and 50% on completion of the development.

LEGAL POWERS AND IMPLICATIONS

The commuted sums to be used, are secured by the council by a legal agreement.

This

legal agreement sets out the purposes for which the sums can be used and is defined as

'for the purposes of enabling the delivery of affordable housing'.

Curo has submitted a Grant Application and will enter into a separate Funding Agreement with the council for this funding, if approved. The Agreement will set out the terms of payment and transfer on commencement and completion of the scheme.

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

The homes associated with this report will be constructed to the latest Building Regulations

CONSULTATION

Approval for the proposal has been given by the Infrastructure and Investment Board.

The Head of Housing and HomeChoice Manager have been consulted on the proposal and subject to the rents being set at Social Rent level, have given their support.

RISK MANAGEMENT

With any new-build development, there is a risk that unexpected costs or site related issues will manifest themselves, causing delays to or failure of the development. If approved, the grant from North Somerset will not be issued until commencement of the development, by which time, due diligence will have been undertaken by Curo and planning consent and Building Regulations consent will have been obtained. Those processes are likely to identify site related problems.

A grant agreement will be entered into with Curo, which will set out the council's requirements in terms of use of the grant and will specify the circumstances under which the grant must be returned.

EQUALITY IMPLICATIONS

The impacts of the proposal are assessed as positive for a wide range of people with protected characteristics as the proposals support the delivery of affordable housing for people in housing need and the type of units will enable us to better meet those needs.

The homes will be owned and managed by Curo, who are signatories to the Chartered Institute of Housing's (CIH) equality and diversity charter.

CORPORATE IMPLICATIONS

This proposal seeks to enable the delivery of affordable housing. The rented homes will be made available to applicants on the council's HomeChoice system which will have a direct impact on people who are not suitably housed.

The proposal supports all three of the Corporate Plan Outcomes and Housing Strategy Aim to increase the supply of homes. The proposal also contributes to the annual target of affordable homes delivered.

APPENDICES

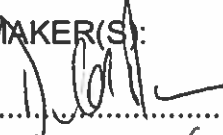
None

BACKGROUND PAPERS

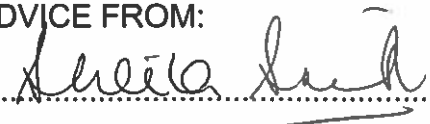
Grant Application Form
Affordable Housing Supplementary Planning Document
Housing Strategy 2016-21

SIGNATORIES:

DECISION MAKER(S):

Signed: 
Title: LEADER OF NYE
Date: 30.9.19

WITH ADVICE FROM:

Signed: 
Title: Director, People and Communities
Date: 30.9.19

Footnote: Details of changes made and agreed by the decision taker since publication of the proposed (pre-signed) decision notice, if applicable:

