

Meeting of the Cabinet 19th March, 2008

Joint Report of the Director of Adult, Community & Housing Services & the Director of the Urban Environment

Affordable Housing Update Report

Purpose of Report

1. To provide Cabinet with a progress report on delivering affordable housing in the Borough and the outcome of Registered Social Landlord funding bids to the Housing Corporation for the period 2008/11.

Background

Affordable Housing Supplementary Planning Document (SPD)

2. The Council's Policy on affordable housing is set out within a Supplementary Planning Document (SPD) on Affordable Housing which was adopted in June 2006. The SPD seeks 30% of all dwellings on site to be affordable as part of residential applications of 25 dwellings or more. This has now been reduced to 15 dwellings or more from this year in line with National Planning Policy Statement 3 (PPS3). The 30% figure is, however, negotiable by developers if special circumstances such as high abnormal development costs can be demonstrated. The 30% level reflects the latest Housing Needs and Demand Study which was carried out in 2005/
3. Affordable housing is defined within the SPD as housing provided by an organisation (Local Authority or a Registered Social Landlord) for social rent or subsidised home ownership, where a registered social landlord or local authority retains a continuing interest. Subsidised home ownership was commonly known as shared ownership and more recently is marketed as HomeBuy.

Regional Housing Capital Pot for the West Midlands 2008 – 11

4. The regional housing capital pot 2008 – 11 has recently been announced for the West Midlands. The area is to receive £679 million for the 3 year period 2008 – 2011. This is to be split between Local Authorities and the Housing Corporation's National Affordable Housing Programme (NAHP) as follows:

NAHP: £467.16m (69%)

Local Authorities: £211.84m (31%) – of this £59m is ringfenced for Decent Homes

5. The split between local authorities and the Housing Corporation's National Affordable Housing Programme (NAHP) differs significantly from 2006-08 when it was based on a 52%:48% basis in favour of Local Authorities. The reason for the change in the split is to enable the target for the number of new affordable homes set by Communities & Local Government to be delivered through the NAHP.

6. This change means that the amount of funding available to local authorities under the Renewal and Growth budget has fallen from a potential £127 million based on the previous split of 52%:48% to just £61.3m for Renewal and Growth. This will affect larger urban authorities and their ability to fund urban renaissance through for example site clearance, remediation, Compulsory Purchase Orders.
7. Local authority's individual allocations will be announced shortly.
8. The regional National Affordable Housing Programme has been further split into the four housing market areas which cover the West Midlands:

North	11%	£51.5m
West	10%	£46.8m
South	14%	£65.5m
Central (inc. Dudley)	64%	£299.8m

Current Position

9. The outcome of the National Affordable Housing Programme 2008-11 bid round funding allocation was announced on 27th February 2008.
10. The Housing Corporation have not allocated the whole of their NAHP budget and have held back 55% of funds which will be allocated throughout 2008-11. Registered Social Landlords will be able to bid for these funds through a process called 'Regular Market Engagement' on a quarterly basis from April 2008.
11. The Housing Corporation has made it clear that they are only seeking to fund bids for schemes that are ready to start and are certain to deliver. Bids for schemes that are not certain are likely to be rejected until their deliverability is more certain, eg. greater certainty on planning, site acquisition, rehousing of any existing residents etc.
12. They have also been set by Communities & Local Government challenging efficiency targets for grant levels and any bids for grant at a level higher than the target are likely to be rejected.
13. Table 1 below provides a breakdown of all Registered Social Landlords successful bids to the Housing Corporation for schemes in Dudley for funding in the current bid round 2008-11.

Table 1: NAHP 2008-11 bids in Dudley March 2008

Organisation	Scheme	Units	Grant (£)
Matrix (Accord)	Junction Street	13 rent 4 x 1 bed flats, 9 x 2 bed flats	£378,100
Matrix (Accord)	High Street, Stourbridge	22 newbuild HomeBuy 22 x 2 bed flats	£0
Bromford	Hungary Hill	10 rent 6 x 2 bed flats, 4 x 3 bed houses 18 newbuild HomeBuy 9 x 1 bed flats, 9 x 2 bed flats	£600,000 £432,000 Brought forward into 2007/08
Bromford	HOLD (Homeownership for people with longterm disability)	4 x 2 bed flats	£131,200
Bromford	Beacon Centre, Sedgley	50 rent- 2bed flats 21 HomeBuy 2bed flats	£6,680,000 Brought forward into 2007/08
Midland Heart	North Street, Brierley Hill	31 newbuild HomeBuy 31 x 2 bed flats	£0
TOTAL		169 units (73 rented & 96 HomeBuy)	£8,221,300

A number of these schemes are already on site including High Street, Stourbridge; Hungary Hill, Stourbridge; Beacon Centre, Sedgley, and North Street, Brierley Hill.

A scheme of 6 x 3 bed eco homes for HomeBuy at Bath Rd / Queens Rd, Stourbridge is also being funded by the Housing Corporation. This scheme is due to complete in May 2008.

14. A number of Registered Social Landlord bids were unsuccessful because the schemes did not meet the Housing Corporation's efficiency targets. It is intended that these bids will be reviewed by our Registered Social Landlord partners and revised bids submitted at future Regular Market Engagement opportunities. The Russell's Hall Extracare scheme and the North Priory Regeneration scheme will also be submitted although the future development of both schemes is not dependent on Housing Corporation funding. Table 2 provides a breakdown of the current likely bids for regular market engagement in Dudley. It is expected that additional schemes will come forward throughout the period 2008/11 including the North Priory regeneration scheme.

Table 2: Likely Bids for Regular Market Engagement

Organisation	Scheme	Units	Potential Grant
Jephson	Washington Arms	19 rent 9 x 2 bed flats, 10 x 3 bed houses 4 newbuild HomeBuy 4 x 3 bed houses	£ 1,700,000 £ 230,000
Midland Heart	Russell's Hall Extracare	50 newbuild HomeBuy 22 x 1 bed flats, 28 x 2 bed flats 25 rent 7 x 1 bed flats, 18 x 2 bed flats	£ 0 £ 2,400,000
Midland Heart (Carr Gomm)	Troman House, Lye	6 rent units – 6 x 1 bed flats	£ 326,989
Black Country Housing Association	Portway Close, Brierley Hill	3 rent units – 3 x 3 bed houses 5 newbuild HomeBuy 5 x 3 bed houses	£ 187,500 £ 146,000
Black Country Housing Association	Orchard Street	13 HomeBuy 13 x 3 bed houses 10 rent 4 x 2 bed houses, 4 x 3 bed houses, 2 x 4 bed houses	£ 480,000 £ 665,620
Bromford Housing Group	North Priory	rent 33 x 2 bed flats 10 x 2 bed bungalows 36 x 2 bed houses 36 x 3 bed houses 10 x 4 bed houses HomeBuy 7 x 2 bed flats	£1,600,000
TOTAL		267 units (188 rent & 79 HomeBuy)	£ 7,736,109

Section 106 Programme Development Programme

15. Affordable housing is also provided through section 106 agreements as required by the Council's Affordable Housing Supplementary Planning Document. Table 3 lists the current s. 106 schemes that are on site in Dudley.

Table 3: Current s.106 schemes on site

RSL	Scheme	Property mix	Start on site	Completion
Jephson	Jews Lane, Gornal	HomeBuy: 3 x 3 bed houses 12 x 2 bed apartments	January 2008	January 2009
Midland Heart	Clanceys, Belle Vale, Halesowen	10 rent 8 x 3 bed houses, 2 x 4 bed houses	December 2007	March 2009

		35 newbuild HomeBuy 26 x 2 bed flats, 4 x 1 bed flats, 5 x 3 bed houses		
West Mercia	Banners Lane, Halesowen	HomeBuy: 5 x 3 bed houses 6 x 2 bed houses 16 x 2 bed flats	February 2007	March 2008 Handovers commencing December 2007
West Mercia	Church Avenue, Stourbridge	Rent: 5 x 3 bed houses 3 x 2 bed houses HomeBuy: 7 x 2 bed houses	January 2008	September 2008
TOTAL		95 units (77 HomeBuy 18 Rent)		

Local Housing Companies – recent announcement by CLG

16. The Housing Green Paper set out proposals for Local Housing Companies. These companies would act as the master developer within a designated area and work with other investors and contractors to bring forward land for housing development, in particular to help increase the supply of affordable housing.
17. At present Dudley's partners for affordable housing are the local RSLs who we have worked with most notably on extra care housing and North Priory regeneration. Whilst a local housing company might give greater influence over the type of housing provided it would involve a wide range of extra set up costs.
18. The Housing Green Paper named 14 local authorities who have expressed interest in the scheme. Of these local authorities, there is one in the West Midlands (Wolverhampton City Council).

Affordable Housing Completions 2000 – to date

19. Table 4 below provides details of the number of affordable housing completions from 2000 onwards and the percentage these totals represent in relation to the total number of annual completions. These completions have been funded through a combination of sources including Housing Corporation funding and through s.106 agreements.

Table 4: Affordable Housing Units provided in Dudley

Year	Affordable Completions	Total Completions (New Build)	Percentage Affordable
2000-01	7	365	1.92%
2001-02	29	404	7.18%
2002-03	137	523	26.2%
2003-04	47	412	11.5%

2004-05	103	574	18%
2005-06	108	505	21.4%
2006-07	101	780	13%

Source : Housing Strategy Statistical Appendix return

Future Policy Formulation

20. Whilst the Dudley Unitary Development Plan and the Supplementary Planning Document set out the Council's aspirations and requirements for affordable housing, the future requirements and policy for affordable housing are being developed through emerging work on the Joint Core Strategy for the Black Country.
21. The future of affordable housing in the Borough is likely to become a key delivery issue as it is looking likely that the Council will have an indicator on affordable housing delivery as one of the Local Area Agreement indicators, demonstrating the importance of this to the Borough.

Finance

22. There are no financial implications in providing this update to Cabinet.

Law

23. The Council may do anything incidental to, conducive to or which facilitates the discharge of its functions under Section 111 of the Local Government Act 1972. This would include anything incidental to the Council's housing powers and duties under the various Housing Acts.

Equality Impact

24. It is intended that the provision of affordable housing will create mixed sustainable communities providing a wider range of housing tenure and property type.

Recommendation

25. It is recommended that Cabinet note the update information provided in this report including the outcome of Registered Social Landlord funding bids to the Housing Corporation and supports the strategic housing work to maximise the provision of affordable housing.



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