

AFFORDABLE HOUSING: PROPOSALS FOR SPENDING FINANCIAL CONTRIBUTIONS IN 2013/4

Report of the: Group Manager Planning

Status: For Decision

Key Decision: No

Executive Summary: The report sets out proposals for spending financial contributions received for affordable housing, allocating funds to specific projects within the general guidelines set out in the Affordable Housing SPD. It covers proposed expenditure in 2013/4.

This report supports the Key Aims of safe and caring communities and a dynamic and sustainable economy.

Portfolio Holders Cllr Michelle Lowe and Cllr Ian Bosley.

Head of Service Group Manager Planning: Alan Dyer

Recommendation to Portfolio Holders

That the proposals for expenditure in 2013/4 set out in paragraph 3 be agreed subject to sufficient funds being collected.

Reason for recommendation: To ensure that financial contributions collected for affordable housing are spent on projects consistent with adopted policy in the Core Strategy and the Affordable Housing SPD.

1. Background

1.1 Core Strategy Policy SP3 makes provision for financial contributions to be collected for affordable housing on schemes for residential developments of one to four units where there is a net gain in the number of units. These schemes are too small to justify on site provision but the Affordable Housing Viability Assessment shows there is scope for them to make a financial contribution to off-site provision. The policy also allows for financial contributions from larger schemes where it is demonstrated that on-site provision is not achievable.

1.2 The Affordable Housing SPD includes details of how funds collected under the policy will be spent. Expenditure should fall under one of five headings:

- 1 Provision of new affordable housing in the District via a Registered Provider
- 2 Initiatives to make better use of the existing stock

- 3 Managing future needs for affordable housing including homelessness prevention
- 4 Assisting those in housing need to access low cost home ownership
- 5 Supporting the development of rural exception sites

1.3 In October 2012 the relevant Portfolio Holders agreed a report covering allocation of funds collected in the first year of the policy. A total of £231,000 was allocated as follows:

SDC/Moat Shared Ownership Scheme (phase one of four)	£124,500
Additional affordable housing in private developments (up to)	£67,500
Hard to treat homes - energy measures	£18,000
Older persons needs survey	£10,000
Vulnerable persons needs survey	£6,000
Review of viability assessments	£5,000
Total	£231,000

The report stated that to maintain flexibility and ensure funds are spent where they are most needed it is proposed to review the apportionment annually.

1.4 A separate portfolio holder decision in 2012/3 allocated £27,000 to refurbishment work at Sevenoaks Almshouses with a further £92,000 to be spent in 2013/14.

1.4 On 7 May 2013 the relevant Portfolio Holders agreed a report allocating a further £126,300 to the SDC/Moat shared ownership scheme to cover phase two as sufficient additional funds had been collected.

1.4 At 20 May 2013 a total of £732,476.39 has been collected. Legal agreements secured promise a further £2,437,432.11 when the associated planning permissions are implemented.

1.5 To date, a total of £27,000 has been paid out as an agreed contribution to Sevenoaks Almshouses, which leaves £705,476.39 to be spent.

1.6 Payments are generally due on commencement of development which is outside the control of the Council and means the Council has no control over when the money is collected. In addition there is no guarantee that payments specified in agreements will be received due to the possibility of developments not taking place or developers renegotiating agreements. In view of these uncertainties it is proposed to continue to limit spending allocations to monies already collected. However proposals are presented below for approval so that as and when sufficient further money is collected, funds may be allocated and proposals implemented. It is proposed to make a mid year report in October 2013 to update the relevant Portfolio Holders on current spend and to seek approval for any new initiatives that may have been identified.

2. Proposals for 2013/4

2.1 Pot 1: Provision of new affordable housing in the District via a Registered Provider

SDC/Moat Shared Ownership (DIYSO) Scheme (also Pot 2.4): This scheme was agreed last year and has now been launched. Funding is shared between Moat and SDC on a 60/40 basis and SDC's overall share is £498,000. An additional £3,600 is also needed as a contribution to legal costs. The previous report allocated £124,500 to the first phase of the scheme which is carried forward to this year. On 7 May 2013, a further report allocated £126,300 to the second phase of the scheme plus the contribution to legal costs associated with phases one and two. This leaves £250,800 to be allocated funding in the current year. The amount will be divided across two equal phases of £125,400, and will be allocated as when sufficient monies are collected.

Securing additional affordable housing in private development schemes: Using the fund to "top up" affordable housing in private developments where it would not otherwise be viable to make full provision in accordance with policy has been seen as a major use of financial contributions from the time the policy was first drafted. The exact amount of money required each year will always be difficult to forecast because it is dependent on negotiations on planning applications. £67,500 was agreed as top up funding in last year's report and is carried forward to this year. Up to an additional £33,500 may be required to support the delivery of affordable housing (total £100,000), although this amount may reduce subject to the success of on-going negotiations.

Review of developers' viability assessments. £5,000 was agreed in last years' report and is carried forward to this year.

2.2 Pot 2: Initiatives to make better use of the existing stock

Sevenoaks Almshouses. A phased scheme of repairs to the almshouses was agreed last year and £27,000 has been spent. The Council's contribution to the remaining phases including roof works and a contribution to a second unit totalling £92,000 are due to be carried out in 2013/4.

Energy Efficiency Improvements. A scheme to improve energy efficiency and tackle fuel poverty in hard to treat properties (solid wall properties) was agreed last year and remains to be spent. This funding will be used for a number of energy efficiency initiatives as per Housing Strategy priorities. The Eco element of the new Green Deal may also be able to offer an amount meaning that the overall cost to the owner is reduced. Funding of £18,000 is carried over from last year.

Housing Needs Surveys. It was agreed last year to carry out two surveys this year to assess needs and provide a basis for future actions. A District-wide older persons needs survey is proposed in conjunction with West Kent Housing and Moat at a cost to the District of £10,000. Additionally a District-wide survey of housing requirements for vulnerable people is proposed at a cost to the District of £6,000. These are both carried forward to 2013/4.

Empty Homes Initiative. Funding of £45,000 is sought to fund a homesteading scheme. This would provide loans of up to £15,000 to enable applicants who would not otherwise be able to afford to do so, to buy and refurbish empty homes for their own occupation. The existing KCC initiative “No use empty” does not allow for this, so a Council-led scheme would address an unmet area of need. Loans would be repayable on sale of the home and then recycled within the empty homes initiative.

Under Occupation. As per the agreed Under Occupation Action Plan 2012, funding of £15,215.19 is sought to 50% fund an under-occupation officer with WKHA for an initial one year period. The officer would work with older tenants providing a “hand holding” service to help tenants successfully downsize and would manage the “Small is Beautiful” budget.

Funding of £20,000 is also sought to provide additional funding to the WKHA “Small is Beautiful” initiative which provides a financial incentive for tenants to downsize.

2.3 Pot 3: Managing future needs for affordable housing including homelessness prevention

Private Sector Payment in Advance Scheme £20,000

Changes to Local Housing Allowance have not had any significant impact on reducing private sector rent levels in this District because our Local Housing Allowance levels are below the centrally set cap. Private sector rents continue to be as high as they have ever been and landlords still have a reluctance to accept tenants on benefits which makes it difficult for the Council to effectively prevent homelessness for low income households.

Homelessness is anticipated to increase in the forthcoming year due to welfare reform and not only is our B&B budget very small; the prohibitive cost of B&B is not an effective way to respond to homelessness and promotes social exclusion. Failure to take steps to mitigate the anticipated increase in homelessness places this Authority at risk of being unable to fulfil its statutory duties towards homeless households making the Council more vulnerable to legal challenge and ombudsman enquiries and generates negative publicity for the Council.

We have consulted with landlords to identify their needs and their expectations of the Council to establish why it continues to be difficult for us to access the PRS. Landlords require their rent to be paid by calendar month and not the two or four weekly cycle of LHA. To increase the effectiveness of our PSL scheme and to enable this scheme to continue to have a positive impact on the use of B&B, we need to be able to accommodate this request from landlords for calendar month payments.

The proposal is:

- A top up fund be created on a 1 year pilot basis to enable rents for households where the Council would have a homelessness duty who are on a low income or benefits to be topped to meet the calendar month charge.
- As a monthly rent top up contributes towards the landlord being paid in advance (an incentive for landlords) over the life of the tenancy, the final benefit payment is repaid to the fund to repay the loan wherever possible.
- This fund would be administered by Housing and sit alongside the PSL scheme.

- It is estimated that £20K will assist 8 households.
- Average cost of rent top up is £2.5K over a 6 month period as opposed to 6 months of B&B charges which total approx. £9K for a household with 2 children.

Accredited Tenants Scheme £40,000

The aim of this scheme is to train and support prospective private tenants to achieve a successful let whether this is in the social or private rented sector let. Housing advisors recognise that many people approaching the Council would benefit from this support; the aim is to make landlords more confident to accept tenants from the PSL scheme and to impact positively on preventing homelessness and sustaining communities.

Information sessions would be held regularly and delivered by West Kent Extra covering: finding accommodation, benefits, first impressions, landlord responsibilities, tenant responsibilities, tenancy deposit protection, landlord relationships, ending a tenancy, intentional homelessness, PSL Scheme and SPA Accreditation, controlling condensation. Level of Accreditation is low; those who attend would be presented with a certificate of attendance and would be able to provide feedback on the event: what was useful, what didn't work so well.

This scheme would then need to be promoted to both landlords and those seeking accommodation and would be offered as an extension to the successful existing HERO Project.

Proposal:

- 1 FTE employed to set up scheme and deliver workshops based within West Kent Extra Cost £30K including on costs (contract for one year when it will be reviewed).
- £10K start up and publicity costs.

2.4 Pot 4: Assisting those in housing need to access low cost home ownership

The shared ownership scheme outlined under Pot 1 will contribute to this objective.

2.5 Pot 5: Supporting the development of rural exception sites

Rural Housing Enabler service. Funding of £6,000 (of which £3,000 to be spent in 2013/14 and £3,000 in 2014/15) is sought to fund the Council's contribution to the Kent-wide rural housing enabler service for the next two year period. The Council has adopted the Kent Rural Housing Protocol and the input of the rural housing enabler service is integral in delivering the Protocol.

3 Summary of Proposed Expenditure for 2013/4

Monies collected to 20/5/2013	£732,476
less monies spent to date (Sevenoaks Almshouses)	£27,000

Balance	£705,476
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Previously allocated projects (October 2012 and May 2013):

SDC/Moat Shared Ownership phases 1 and 2 + legal costs	£250,800
Sevenoaks Almshouses	£92,000
Hard to treat homes - energy measures	£18,000
Older persons needs survey	£10,000
Vulnerable persons needs survey	£6,000
Review of viability assessments	£5,000

Total	£381,800
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Balance	£323,676
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Projects approved (October 2012) but awaiting allocation on collection of further monies

SDC/Moat Shared Ownership Scheme Phase 3 + legal costs	£125,400
SDC/Moat Shared Ownership Scheme Phase 4 + legal costs	£125,400
Top up funding (<i>may decrease</i>)	£100,000

Proposed allocations detailed below (to be taken forward subject to further monies being collected)

Under Occupation Officer	£15,215*
Rural Housing Enabler service	£6,000*
Empty Homes Initiative	£45,000*
Under Occupation – Small is Beautiful	£20,000*
Private Sector Payment In Advance Scheme	£20,000
Accredited Tenants Scheme	£40,000

*These items are integral to adopted Action Plans and protocols.

As at 20 May, a balance of £323,676 of monies collected has yet to be allocated. Approval is therefore sought to make allocations to the following projects in 2013/4:

	£323,676
SDC/Moat Shared Ownership Scheme Phase 3	£125,400
+ legal costs	
Top up funding (<i>may decrease</i>)	£100,000
Under Occupation Officer	£15,215
Rural Housing Enabler service (2 year subscription)	£6,000
Empty Homes Initiative	£45,000
Under Occupation – Small is Beautiful	£20,000
Total	£311,615
Balance	£12,061

If further funds are collected during 2013/14, or should the level of top up funding indicated not be required, approval is sought to make allocations to the following projects in the order shown below:

SDC/Moat Shared Ownership Scheme Phase 4	£125,400
+ legal costs	
Private Sector Payment In Advance Scheme	£20,000
Accredited Tenants Scheme	£40,000

3. Future Expenditure

A further report at the end of the financial year will set out specific proposals for expenditure in 2014/15.

4. Allocation of Expenditure from Individual Developments

5.1 The Council needs to show how each individual developer contribution is spent to demonstrate that funds collected have been used for the purpose identified. The previous report proposed that the exact apportionment of funds from individual schemes be delegated to Officers subject to the condition that Member approval would be required for the allocation of funds to any project not covered in this report.

5. Monitoring Expenditure

6.1 The Affordable Housing SPD states in para 6.13:

“The Council will record where funds have been allocated and spent. This information will be made available on request and will be published on an annual basis.”

Para 9.1 states:

“The delivery of affordable housing will be monitored and reported in the Local Development Framework Annual Monitoring Report which reports progress towards the objectives and policies of the LDF.”

Monitoring information on spending of financial contributions can most logically be published alongside other monitoring information on affordable housing in the Annual Monitoring Report.

Key Implications

Financial. The report contains proposals for allocating funds received through developer contributions. It includes proposals to ensure funds are not committed before their receipt is certain and also to ensure funds are used for the purpose they are collected.

Community Impact and Outcomes The recommendations will assist in addressing the needs of those sections of the community who cannot afford market housing.

Legal, Human Rights etc. The report ensures that funds collected through S106 agreements are used for the purposes intended.

Resource (non-financial). Some staff time will be involved to ensure the proposals are implemented but no additional staff resources will be needed for projects in this year.

Equality Impacts The equality impacts of affordable housing policy have been considered as part of the Core Strategy Equality Impact Assessment. This report does not propose any change to policy.

Sustainability Checklist Not applicable as this report does not change existing policy.

Risk assessment statement.

The main risks in dealing with financial contributions under the policy are that funds received will not be spent in which case the money will have to be re-paid, or that spending commitments will be made that exceed funds available. The proposals in the report to match expenditure to funds received will avoid these outcomes.

Background Papers:

Core Strategy (Feb 2011)

Affordable Housing Supplementary Planning Document (Oct 2011).

Contact Officer(s):

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