

Agenda Item 5

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Ward (s) affected	All
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Subject	Final Report of the Affordable Housing Panel
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RECOMMENDATIONS

The Scrutiny Committee is asked:-

1. To note the report of the Affordable Housing Panel.
2. To consider whether it supports the recommendations of the Panel on the provision of affordable housing,
3. In light of the Panel's report, consider which recommendations it may wish to refer to the Executive.

EXECUTIVE SUMMARY

The Scrutiny Committee set up a Scrutiny Panel to review the Council's approach to affordable housing. The scope of the review set for the Panel included reviewing the Council's affordable housing target of an average of 50 new homes per year, considering whether the Council's planning policies needed to be amended to improve the provision of affordable housing and to consider whether it would be viable for the Council to develop its own affordable housing.

This report summarises the work of the Affordable Housing Panel and sets out their conclusions for the Scrutiny Committee to consider.

CORPORATE PRIORITY OUTCOMES

ENVIRONMENT

A highly attractive area with housing that meets local need

- Identify opportunities to create more affordable housing.

The purpose of the Panel was to review the Council's target for new affordable homes and how the Council develops future affordable housing opportunities.

The Committee has the authority to determine the Recommendations as set out in the Part 3 of the Council's Constitution.

1. Scope and Meetings of the Affordable Housing Panel

- 1.1. As part of its work programme for 2014/2015 the Scrutiny Committee agreed to set up a Scrutiny Panel to:-
- Review the delivery of affordable housing since 2008/09, against the Council's annual average target of 50 homes per year. To include affordable housing contributions and where they have been applied
 - Consider the Council's adopted Core Strategy 2009, Policy CS4 on affordable housing and the approved Affordable Housing Supplementary Planning Document 2010, and make recommendations to the Local Plan Working Group for the Local Plan making process
 - Assess the viability of the Council building, managing and maintaining affordable housing.
 - Learn from housing associations their experience of developing affordable homes in Mole Valley
 - Recommend initiatives to enable the increased development of affordable homes and arrangements for monitoring future delivery
- 1.2. The Panel membership was originally Howard Jones (C), Paul Potter, Sarah Seed, Philippa Shimmin and Peter Stanyard. These members attended the first two meetings of the Panel, but following the election which led to a change in the political balance of the Council the members of the Panel were John Chandler, Chris Hunt (C), Philippa Shimmin, Peter Stanyard and Michelle Watson. As there was some consistency in the membership it allowed the Panel to complete its work.
- 1.3. The Panel has held four meetings to complete the scope of its work. The first meeting was held on 5 February and was used for scene setting and an opportunity for the Panel members to gain an understanding of the challenges presented in developing new affordable housing in Mole Valley
- 1.4. At the second meeting of the Panel on 7 April both Circle Housing Mole Valley and Mount Green Housing Association were invited to attend to discuss with the Panel members their experiences of developing affordable housing in the district.
- 1.5. The third meeting of the Panel was held on 29 June and involved a discussion on the viability of the Council developing its own affordable housing and also a review of the Council's affordable housing target.
- 1.6. The fourth and final meeting was held on 16th September and was used by the Panel to finalise this report for the Scrutiny Committee.

2. Conclusions of the Affordable Housing Panel

- 2.1. The conclusions of the Panel are set out below and are separated by each item in the Panel's terms of reference. An overriding factor that may have a significant impact on the recommendations of the Panel relates to the Government's proposed Housing Bill and recent budget, which includes extending the Right to Buy to housing associations and introducing a requirement for housing associations to decrease their rents by 1% per annum over a number of years. These initiatives may have a significant impact on the capacity of housing associations to fund new developments. Proposals to amend the planning system may also affect the Panel's recommendations. The full details of the Government's intentions are expected to be announced later in the year and as such may have an impact on the work of the Panel set out below.
- 2.2. *Review the delivery of affordable housing since 2008/09, against the Council's*

annual average target of 50 homes per year. To include affordable housing contributions and where they have been applied

The Panel reviewed the number of affordable housing units being delivered (see Appendix 1) and at present the Council is achieving its delivery target. As such the Panel considered under current circumstance the current affordable housing target that is set in Policy CS4 of the Adopted Core Strategy 2009, to be a challenging, yet achievable target for the Council, taking into account the limited availability of land for development and its high cost.

The Council currently achieves this target through the traditional partnership of working with housing associations. Should the Council decide to create new opportunities to develop affordable housing through alternative routes, then it may be relevant to review the target at that time.

2.3. Consider the Council's adopted Core Strategy 2009, Policy CS4 on affordable housing and the approved Affordable Housing Supplementary Planning Document 2010, and make recommendations to the Local Plan Working Group for the Local Plan making process

The Panel did feel that there would be scope to re-examine the percentage of affordable housing required from developers, given that the housing market had changed significantly from when it was first adopted in the Core Strategy. It was acknowledged that any level would need to be justified by robust research and set at a level that was considered appropriate by the Council to meet its affordable housing needs at the time a new Local Plan is developed. It was also noted that at present a significant amount of officer time was taken up by negotiating affordable housing contributions with developers who claimed that their schemes were not financially viable if all the affordable housing required was provided. By increasing the percentage of affordable housing required in a development there was a risk that this would exacerbate this situation.

It was suggested that consideration could also be given to how the affordable housing percentage was defined, as there was a perception that by defining the percentage in terms of units, it allowed developers to meet their obligation by delivering one bedroom units, even on developments consisting of four and five bedroom private sale units. The Strategic Housing Manager confirmed that on sites completed over the past three years mainly affordable two and three bedroom family sized homes had been delivered in keeping with the Council's Core Strategy Policy CS3 that sought the development of two and three bedroom homes. Even so it was felt that there was scope to consider an alternative definition, such as by the number of bedrooms or by floor space provided.

2.4. Assess the viability of the Council building, managing and maintaining affordable housing

The Panel noted that there is a range of different mechanisms that could be used by the Council to develop new affordable housing and other types of residential development, including setting up a private company and working in partnership with housing associations or private developers. It was recognised that the Council would best meet its objectives through enabling development as it did not have all the relevant expertise in-house to develop or manage housing projects. As such any project would need to be delivered in partnership with other organisations. At the Panel's previous meeting; both Circle Housing Mole Valley and Mount Green Housing Association had indicated their willingness to work with the Council.

A key condition for any affordable housing delivered by the Council would be the need to ensure that it was self-financing, which meant that funding a development of purely affordable housing was unlikely as it would not pay for itself. If the Council decided to pursue the possibility of building its own housing, it was more likely that it would be a mixed tenure development with properties for private rent or sale included. Alternatively a development that was solely for private rent or sale with the profit being used to fund affordable housing elsewhere in the district, however, such an approach would need to comply with policy CS4 of the Core Strategy and be justified on the grounds that the scheme was not viable with affordable housing on site.

When considering the task that had been set for the Scrutiny Committee to assess the viability of the Council building, managing and maintaining affordable housing, the Panel agreed that it was certainly feasible for the Council to be looking at developing its own affordable housing with a varied range of models being used by other authorities, as an example of what could be achieved. However the viability of any such schemes would need further investigation as factors such as land availability and the financial aspects would need to be considered on a case by case basis before an assessment of the viability could be made. It was anticipated that the Transform Leatherhead regeneration project may provide opportunities to explore the viability of specific housing projects in more detail.

2.5. Learn from housing associations their experience of developing affordable homes in Mole Valley

At the second meeting the Panel met with representatives from both Circle Housing Mole Valley and Mount Green Housing Association who gave detailed presentations, followed by discussion with the Panel of their experiences of developing housing in Mole Valley. From the discussion, it was clear that a key issue for the housing associations was gaining planning permission for new developments and it was their opinion that early advice from the Council's Planning Officers at the pre-planning stage helped to avoid any potential problems and led to applications that would be more likely to be accepted by the Development Control Committee. The Panel noted that pre-planning advice was available for developers, but acknowledged that there would be occasions when the advice provided by the Council's Planning Officers, on what was suitable for a development, would not always align with what the developers envisioned could be provided on a site.

The housing associations commented on the lack of available land in the district and the high cost of it. Both stated that they have either no or little land within their asset portfolio to develop in Mole Valley. They also advised that it would be beneficial if the Council had a new Local Plan in place, as this would enable them to target their resources towards land where development was likely to be accepted. Therefore, they considered that the Council needed to consider how it wished to balance the protection of the green belt against the need for affordable homes and produce planning guidance to reflect this.

Both stated that they did not consider office conversions to residential using Permitted Development Rights to be a cost effective option to deliver affordable homes at the quality required by their regulator the Homes and Communities Agency.

2.6. Consider the land availability and finance available in the district for affordable housing

The Panel considered land availability to be a key obstacle to the development

of affordable housing in Mole Valley, with a limited supply of suitable land for development within the district, which meant that any available land tended to have a high market value. A knock on effect of this was that it was less financial viable for developers to include all the required affordable housing within developments.

Despite the cost of land in Mole Valley, both housing associations had confirmed that they had funding in place should viable schemes be identified. As mentioned previously, it was the Panel's hope that the Transform Leatherhead regeneration project would create development opportunities for the Council to pursue that could include new affordable homes.

2.7. Recommend initiatives to enable the increased development of affordable homes and arrangements for monitoring future delivery

From the work detailed above the Panel would like to submit the following recommendations to the Scrutiny Committee for consideration

1. That Ward Members continue to be informed of new major planning applications in their area once submitted via the weekly list of planning applications.
2. The Panel recommends that the Local Plan Working Group looks proactively at increasing the proportion of affordable housing provided within a development and also the number of bedrooms in the properties provided.
3. That the Executive undertake further work to assess the viability of the Council building, managing and maintaining affordable housing, particularly in light of the Transform Leatherhead regeneration project, which may provide development opportunities.
4. That sites within the built up area continue to be carefully reviewed as part of the Local Plan making process and sites that come forward for consideration from developers in the meantime are assessed in terms of opportunities for affordable housing be pursued where appropriate.

Financial Implications – None from the consideration of this report.

Legal Implications – None from the consideration of this report.

2.0 CORPORATE IMPLICATIONS

Monitoring Officer commentary - to follow.

S151 Officer commentary - to follow.

Risk Implications - None from the consideration of this report.

Equalities Implications - None from the consideration of this report. **Employment**

Issues - None from the consideration of this report.

Sustainability Issues- None from the consideration of this report.

Consultation – The Scrutiny Panel has met with Circle Housing Mole Valley and Mount Green Housing Association as part of its report.

Communications - None

BACKGROUND PAPERS

Supporting Housing Investment: A Case Study Guide – LGA 2012

The Elphicke-House Report - from statutory provider to housing delivery enabler:
review into the local authority role in housing supply January 2015

LGiU – Under Construction: Are Councils Ready to get the Nation Building?

West Berkshire District Council & Reading Borough Council v Secretary of State for
Communities and Local Government - Judgement

Completed Affordable Housing Development Programme 2008/09

Housing Association	Location	Number & type of units	Section 106 Site	MVDC Capital Grant £	Commuted Sums £	MVDC Total £	Homes and Community Agency £
2008/09							
Mole Valley	Clifton Heights Dorking	7 flats shared ownership	Yes	-	-	-	-
Mount Green	31 Ottway's Lane Ashtead	1 house rent	No	47,000	-	47,000	56,800
Raven	Do It Yourself Shared Ownership	6 shared ownership	No	399,500	-	399,500	0
Raven	Olivier Crescent, Dorking	20 flats (14 rent & 6 shared ownership)	No	-	-	-	1,079,000
Servite (now owned by Mount Green)	Windmill, Horsham Rd, Dorking	12 flats (7 rent & 5 intermediate rent)	No	388,722	359,278	748,000	350,000
Thames Valley	Home Buy products	7 shared ownership	No	-	-	-	450,000
Places for People	Own Home	3 shared ownership	No	-	-	-	160,000
Total	-	56 (27 rent & 29 shared ownership)	-	835,222	359,278	1,194,500	2,095,800

Completed Affordable Housing Development Programme 2009/10

Housing Association	Scheme Location	Number & Type of Units	Section 106 Site	MVDC Capital Grant £	Commuted Sums £	MVDC Total £	Homes and Community Agency Grant £
2009/10							
Ability	Pound House Westcott Road Dorking	12 flats for rent 10 x 1 bed and 2 x 2 bed (redevelopment of units for people with learning disabilities)	No	60,000	-	60,000	654,000
Mount Green	Howard Close Ashtead	35 flats. 25 rent: 5 x 1 bed 20 x 2 bed 10 shared ownership: 2 x 1 bed 8 x 2 bed	No	-	-	-	1,625,000
Thames Valley/Catalyst	Home Buy products	8 shared ownership	No	-	-	-	400,000
Total	-	55	-	60,000	-	60,000	2,679,000

Completed Affordable Housing Development Programme 2010/11

Housing Association	Scheme Location	Number & Type of Units	Section 106 Site	MVDC Capital Grant £	Commuted Sums £	MVDC Total £	Homes and Community Agency Grant £
2010/11							
Mole Valley Housing Association	Laundry Way Capel Rural	18 units 13 houses rent: 6 x 3 bed 7 x 2 bed 5 shared ownership: 3 x 2 bed houses 2 x 1 bed flats	Yes, but 100% affordable	394,248	275,752	670,000	1,360,000
Mole Valley Housing Association	77A & B Cleeve Road Leatherhead	2 x 2 bed flats for rent	No	50,000	0	50,000	130,000
Raven Housing Trust	Do It Yourself Shared Ownership	1 shared ownership flat	No	36,500	0	36,500	0
Advance Housing	Home Ownership for People with Learning Disabilities	1 shared ownership flat	No	0	0	0	35,000
Totals	-	22 (15 x rent 7 x shared ownership)	-	£480,748	275,752	£756,500	£1,525,000

Completed Affordable Housing Development Programme 2011/12

Housing Association	Scheme Location	Number & Type of Units	Section 106 Site	MVDC Capital Grant £	Commuted Sums £	MVDC Total £	Homes and Community Agency Grant £
2011/12							
Mole Valley Housing Association	The Fairway Leatherhead	6 houses for target rent: 2 x 3 bed houses 4 x 4 bed houses	No	10,000	140,000	150,000	570,000
Mole Valley Housing Association	The Old Fire Station West Street Dorking	16 flats 2 x 2 beds for target rent 1 x 3 bed ground floor target rent 13 x 2 bed flats shared ownership	Yes, but 100% affordable	36,646	233,354	270,000	675,000
Mole Valley Housing Association	Coleridge Court Kingston Road Leatherhead	10 flats 8 x 1 beds & 2 x 2 beds for shared ownership	No	175,000	-	175,000	300,000
Mount Green Housing Association	Willow Corner Charwood Rural	3 x 2 bed bungalows for target rent Code level 4	No	-	-	-	195,000

Housing Association	Scheme Location	Number & Type of Units	Section 106 Site	MVDC Capital Grant £	Commuted Sums £	MVDC Total £	Homes and Community Agency Grant £
Sydney Simmons Homes	Dene Road Ashtead	13 x 2 beds (8 flats and 5 bungalows) for target rent for older people Code level 4	No	175,500	-	175,500	455,000
Thames Valley Housing Association	Parsons Mead Ottways Lane Ashtead Gate Cottages, Ottways Lane & Westmead Court, Elliston Way Ashtead	28 units Target rent: 8 x 2 bed flats 2 x 2 bed houses 4 x 3 bed houses Shared ownership: 7 x 1 bed flats 7 x 2 bed flats	Yes	-	-	-	700,000
Mole Valley Housing Association	Kingfisher Close Grange Road Leatherhead	7 units for shared ownership (3 x 2 bed houses, 2 x 2 bed flats and 2 x 1 bed flats)	Yes	105,000	-	105,000	-

Housing Association	Scheme Location	Number & Type of Units	Section 106 Site	MVDC Capital Grant £	Commuted Sums £	MVDC Total £	Homes and Community Agency Grant £
The Grange	The Acorns Post House Lane Bookham	8 x 1 bed flats for rent for people with learning and physical disabilities	No	-	-	-	-
Mount Green	Brancaster Grove Ermyn Way Ashtead	4 units for shared ownership 3 x 2 beds flats 1 x 3 bed house	Yes	-	-	-	60,000
Raven Housing Trust	Do It Yourself Shared Ownership	1 x shared ownership unit	No	80,000	-	80,000	-
Thames Valley Housing Association	Chart Downs, Dorking Mortgage Rescue Scheme	1 x rented unit	No	-	-	-	£144,202
Totals	-	88 (39 rent & 49 shared ownership)	-	£582,146	£373,354	£955,500	£3,099,202

Mole Valley District Council - Affordable Housing Development Completed Programme 2012/13

Housing Association	Scheme Location	Number & Type of Units	Section 106 Site	MVDC Capital Grant £	Commuted Sum £	MVDC Total £	Homes and Community Agency Grant £
Sydney Simmons Homes	Dene Road Ashtead	13 x 2 beds (8 flats and 5 bungalows) for target rent for older people Code level 4	No	-	175,500	175,500	455,000
Thames Valley Housing Association	Reigate Road Leatherhead	6 flats for shared ownership: 5 x 2 beds 1 x 1 beds	Yes	0	0	0	0
Mount Green	Marley Mead Ridgeway Road Dorking	15 units 2 x 4 bed houses & 2 x 2 bed flats for target rent 3 x 1 bed flats for affordable rent 4 x 2 bed houses & 4 x 3 bed houses for shared ownership	Yes	£240,000 (to be paid in 2013/14)	0	£240,000 (to be paid in 2013/14)	
Totals	-	23 (9 rent & 14 shared ownership)	-	-	£175,500	£175,500	£455,000

Affordable Housing Development Programme Completed 2013/14

Housing Association	Scheme Location	Number & Type of Units	Section 106 Site	MVDC Capital Grant £	Commuted Sums £	MVDC Total £	Homes and Community Agency Grant £
Mount Green Housing Association	Marley Rise Ridgeway Road Dorking	15 units 2 x 4 bed houses & 2 x 2 bed flats for social rent 3 x 1 bed flats for affordable rent 4 x 2 bed houses & 4 x 3 bed houses for shared ownership	Yes	-	240,000	240,000	105,878

Housing Association	Scheme Location	Number & Type of Units	Section 106 Site	MVDC Capital Grant £	Commuted Sum £	MVDC Total £	Homes and Community Agency Grant £
Circle Housing Mole Valley	Janson House and Darbyshire Road off Winfield Grove Newdigate Rural	12 units 4 x 2 bed houses & 4 x 3 bed houses for social rent 4 x 2 bed flats for shared ownership	No -Rural Exception Site	-	560,000	560,000	£256,861
Dorking Churches Housing Association	Orchard Way Dorking	1 three bed house for rent	No	-	-	-	-

Housing Association	Scheme Location	Number & Type of Units	Section 106 Site	MVDC Capital Grant £	Commuted Sum £		Homes and Community Agency Grant £
Thames Valley Housing Association	Mortgage Rescue	1 rent	No	-	-	-	£181,342
		21 - 17 rent & 4 shared ownership		-	£800,000	£800,000	£287,220

Mole Valley District Council - Affordable Housing Development Programme 2014/15

Registered Provider of Social Housing	Scheme Location	Number & Type of Units	Section 106 Site	MVDC Capital Grant	Commuted Sum £	MVDC Total £
Circle Housing Mole Valley	Vincent Lane Dorking	12 units 2 x 3 bed houses and 4 x 2 bed houses for social rent 6 x 2 bed flats for shared ownership	Yes	-	360,000	360,000
Circle Housing Mole Valley	Chrystie Lane Bookham	1 unit 1 x 2 bed bungalow for affordable rent	No	-	-	
Circle Housing Mole Valley	Goodwyn's Estate Dorking	19 units 3 x 3 three bed houses, 2 x 1 bed flats and 4 x 2 bed flats for affordable rent 6 x 1 bed and 4 x 2 bed flats for shared ownership	No	-	-	

Registered Provider of Social Housing	Scheme Location	Number & Type of Units	Section 106 Site	MVDC Capital Grant	Commuted Sum £	
Circle Housing Mole Valley	Whiteways Bookham	<p>6 units</p> <p>2 x 3 bed houses and 2 x 2 bed bungalows for affordable rent</p> <p>2 x 2 bed houses and 2 x 2 bed houses for shared ownership</p>	No	-	-	
Circle Housing Mole Valley	Rough Rew Dorking	<p>9 units</p> <p>1 x 1 bed, 2 x 2 bed flats and 2 x 2 bed houses for affordable rent</p> <p>4 x 2 bed houses for shared ownership</p>	No	-	-	

Registered Provider of Social Housing	Scheme Location	Number & Type of Units	Section 106 Site	MVDC Capital Grant £	Commuted Sum £	
Circle Housing Mole Valley	Godwin's Nursery Beare Green	<p>10 units</p> <p>2 x 2 bed houses and 3 x 3 bed houses for social rent</p> <p>3 x 1 bed and 2 x 2 bed flats for shared ownership</p>	Yes	-	375,000	375,000
Circle Housing Mole Valley	Cressall and Levett Closes Leatherhead	<p>9 units</p> <p>2 x 1 bed, 2 x 2 bed flats and 1 x 2 bed house for affordable rent</p> <p>3 x 1 bed flats, 1 x 2 bed house for shared ownership</p>	No	-	-	
Total		66 (35 rent & 31 shared ownership)	-	-	£735,000	£ 735,000

