

COMMUNITY AND ENTERPRISE OVERVIEW & SCRUTINY COMMITTEE

Date of Meeting	Wednesday 10 th February 2016
Report Subject	Flintshire Social and Affordable Housing Delivery
Cabinet Member	Cabinet Member for Housing
Report Author	Chief Officer (Community and Enterprise)
Type of Report	Strategic

EXECUTIVE SUMMARY

This report provides Elected Members with an update on the provision of new social and affordable housing schemes in Flintshire.

The report details the policy framework including the Flintshire Unitary Development Plan (FUDP), Local Housing Market Assessment, Single Access Route to Housing (SARTH) and Flintshire Affordable Housing Register which inform the number, property and tenure types and location of all new affordable housing in Flintshire.

The report will also focus upon the primary mechanisms for delivering new social and affordable housing in Flintshire including the Council's Strategic Housing And Regeneration Programme (SHARP), Social Housing Grant (SHG) Programme and affordable housing secured through Section 106 Planning Agreements with private developers.

The final part of the report will discuss future policy development and initiatives to maximize the number of affordable units secured by the Council for Flintshire residents.

RECOMMENDATIONS

1	<p>Scrutiny Committee supports the overall approach to the delivery of new social and affordable housing in Flintshire, including:</p> <ul style="list-style-type: none"> • Flintshire’s Social Housing Grant (SHG) Programme for the delivery of 277 new social and affordable new homes during the period 2015/16-2018/19; • Proposals for the projected delivery of 132 new homes through Section 106 Planning Agreements agreed to date for the period 2015/16- 2017/18; • Supports the development of policy initiatives to increase supply of local affordable housing provision.
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REPORT DETAILS

1.00	Introduction
1.01	<p>The report provides an update to Scrutiny Committee members on progress made on the delivery of all new Council, housing association and Section 106 housing schemes across Flintshire. The vital role good quality affordable housing makes in securing economic and health security is well understood. New housing will provide new jobs, skills, economic growth and healthier individuals and communities across Flintshire. The development of new local housing also makes a significant contribution to economic growth.</p>
1.02	Policy Framework
1.03	<p>Flintshire utilises a number of different evidence sources to determine the housing need across the county in terms of numbers of new housing required, tenure types, affordability levels and location choices. Key strategic policy documents and guidelines which inform future housing development in Flintshire include;</p> <ul style="list-style-type: none"> • Flintshire Unitary Development Plan (FUDP); • The Local Housing Market Assessment Report. • The Housing Register known as SARTH (Single Access Route To Housing); • Flintshire Affordability Register.
1.04	Flintshire Unitary Development Plan (FUDP)
1.05	<p>The FUDP is the adopted development plan for the 15 year period 2000 – 2015. The aim of the FUDP is to provide a framework for making rational and consistent decisions on planning applications and to guide development to appropriate locations. This identifies sites where new housing, employment and other development can take place, as well as setting out policies to protect important countryside, habitats, resources and heritage.</p>

1.06	<p>Although the adopted UDP became time expired at the end of 2015 it remains the adopted development plan for the County whilst it is being updated and replaced in time by the Local Development Plan (LDP). Any proposals for affordable housing must take into account the advice in the Council's Supplementary Planning Guidance documents. The Council's Planning and Housing Programmes Team have developed excellent working arrangements which enable a positive approach to planning to enable appropriate, sustainable development to come forward. A key element of this is the development of open and transparent working arrangements with private developers, working proactively with them on the options available and the provision of advice on affordable housing needs and priorities for the Council.</p>
1.07	<p>Flintshire and Wrexham Local Housing Market Assessment (LHMA)</p>
1.08	<p>Flintshire has jointly commissioned the Flintshire and Wrexham Local Housing Market Assessment (LHMA) This has confirmed that housing need for social housing dwellings is currently outstripping supply and will do so for the foreseeable future. Specifically, it identifies:</p> <ul style="list-style-type: none"> • An annual shortfall of 246 affordable dwellings across Flintshire; • The suggested affordable housing tenure split for Flintshire identified by the assessment is for 56% social/affordable rent and 44% intermediate tenure; • A clear need for smaller two bedroom properties for under and over 65s; • Around one third of all households in Flintshire can only afford an intermediate affordable house priced at £100,000 or less (or the equivalent total housing costs).
1.09	<p>Single Access Route to Housing (SARTH)</p>
1.10	<p>SARTH is a partnership project between all the major social landlords in North East Wales, covering the local authority areas of Conwy, Denbighshire and Flintshire. In addition to the above Councils, the partnership also includes Clwyd Alyn, Grwp Cynefin and Wales and West Housing Associations all of which operate in Flintshire.</p>
1.11	<p>The SARTH policy was implemented in April 2015. Applicants are given priority on the register based on the statutory '<i>reasonable preference</i>' categories which include homelessness, overcrowding, living in unsanitary conditions, medical grounds or hardship. As long as an applicant meets one of these '<i>reasonable preference</i>' groups then they are entitled to register. Additional priority is then given based on the urgency of need and local connection. Within each band applicants are listed in date order of their application. Applicants can choose their preferred property type and location and are advised on availability of stock in their chosen areas.</p>

1.12	The housing need demonstrated by SARTH helps inform the Council as to the localities types and numbers of social housing required which in turn determines which RSL proposed development schemes are supported by the Council and Welsh Government with SHG funding. There are currently 922 applicants have been accepted under the SARTH registration criteria for different property types across Flintshire.
1.13	Currently, the areas of high demand on SARTH are Shotton, Buckley, Flint, Mold and Connahs Quay with half of the people on the register choosing one of these areas as their first choice. These are the areas where affordable housing development is being focused through the SHARP and SHG programmes.
1.14	There is varying levels of demand in other areas across Flintshire and limited demand in some villages. Before the SARTH data cleanse, the numbers on the register did not necessarily accurately reflect current demand, the subsequent cleanse and more accurate figures has highlighted some areas of limited demand for sheltered properties and larger family houses.
1.15	To support the development of future housing development in these communities and ensure an equitable and sustainable distribution of new affordable housing development across Flintshire, robust interrogation of SARTH and other housing needs data available to the Council will be undertaken by the Housing Programmes Team. In some instances, potential applicants may not have registered on SARTH or Flintshire Affordability Register as the Council and its partners do not currently have the type of property they seek available or have new schemes planned in the communities they live.
1.16	This will necessitate the need to work closely with key local stakeholders to both identify local housing priorities and potential sites for new development. This will be supported through increased marketing of potential schemes to attract new applicants through local consultation events and use of the Council's website and social media.
1.17	Flintshire Affordable Register
1.18	Flintshire County Council supports low cost home ownership schemes, which enables people currently priced out of the housing market to own a home of their own. The scheme is administered through a Flintshire Affordable Register on behalf of the Council by Grwp Cynefin. The most popular product is equity share and this helps first time buyers into home ownership. The subsidy is not a loan that needs to be repaid and there is no rent payable. It simply means the Council owns an equity share (usually 30%) in the home. When the purchaser decides to sell the home on, the council gets back its equity share and recycles it, to ensure it is available to the next household eligible on the register to buy the home.
1.19	Grwp Cynefin undertakes all marketing for the new properties directly to households on the database and works closely with developer sales teams to assess and nominate a household for a vacant affordable new home. The information held on individual applications is robust, and as

	<p>applications are reviewed on a 6 monthly basis, either updated or if no response is received, are deleted, therefore insuring that information held is always current. Currently for 2015/16 a total number of 417 household applications are contained in the Affordable Register.</p>
1.20	<p>Flintshire has three main mechanisms for the delivery of new social and affordable housing. There are as follows:</p> <ul style="list-style-type: none"> • Flintshire’s Strategic Housing And Regeneration Programme (SHARP) which aims to deliver 500 new Council (200) and affordable homes (300) over the next five years. The Council homes will be managed within the Housing Revenue Account (HRA). The affordable housing element will be managed by NEW Homes. • Social Housing Grant (SHG) which is a grant programme allocated to Registered Social Landlords (housing associations) by local authorities from the Welsh Government. The grant aims to provide new affordable housing for rent or low cost home ownership. • Section 106 Agreement properties from developers meeting their affordable housing provision obligations through Section 106 Agreements. The purpose of these agreement is to ensure that the homes go to local people most in need of affordable housing, and the rents or prices are affordable, and remain so in the future. • North East Wales Homes, (NEW Homes) is a Housing company based in Flintshire and owned by Flintshire County Council which became operational on the 1st April 2014. NEW Homes owns, leases and manages properties across Flintshire.
1.21	SHARP
1.22	<p>The SHARP is a five year programme with a projected annual spend of £10M per annum. Cabinet approved construction of the first scheme at Custom House School, Connah’s Quay in February 2016 which will see 12 new Council homes being delivered. Additional Phase 1 schemes and sites are currently being finalised and will be presented to Council for approval in March 2016. SHARP currently does not receive any form of grant funding from the Welsh Government towards the construction costs of these schemes currently. Welsh Government (WG) is currently reviewing the option of making grant funding available to local authorities in Wales wishing to commence a house building programme and an All-Wales Working Group has been established to inform the new funding regime. The introduction of grant subsidy could be announced by WG in Summer 2016 and could provide a significant financial benefit for the Council’s SHARP, meaning the programme could be extended further.</p>
1.23	NEW Homes
1.24	<p>NEW Homes was established to increase the quantity and quality of affordable housing available across the county - increasing housing choice for those who may not qualify for social housing but for whom market housing is unaffordable or difficult to access. NEW Homes currently has 49 properties under its management across its different housing products.</p>

1.25	In recent years the Council has successfully negotiated with private developers the transfer of new build Section 106 properties to NEW Homes. This innovative approach has seen NEW Homes receive 19 new build properties to date from developers meeting their affordable housing provision. These units were transferred into the company as unencumbered assets to be let as affordable housing and form a profitable element of the company's stock portfolio. A further 9 units are due to be transferred to NEW Homes during 2015/16 from 3 schemes across the county, with 3 final properties in 2016/17, providing a total of 31 homes.
1.26	In October 2015, Cabinet approved the NEW Homes Business Plan 2015/20 which sets out key elements of the company's proposed growth plan to increase the number of properties managed and owned as affordable housing over the next five years by 320. The business plan has also been approved by NEW Homes Board as a strategic planning document; subject to ongoing scheme by scheme final approval and validation of financial appraisals by the company's board and the council's cabinet. This includes any new homes to be developed via the SHARP programme, and any property acquired through borrowing against existing assets. Twice yearly monitoring of NEW Homes progress against its business plan projections is reported to Scrutiny Committee.
1.27	Social Housing Grant (SHG)
1.28	<p>Appendix 1 details the current SHG funding programme for 2015/16 to 2018/19. During this period a projected £14.61M SHG will be spent to deliver 277 new homes in the county. SHG can be used to provide housing for rent or low cost home ownership through new build or the use of existing buildings. SHG can be used to support:</p> <ul style="list-style-type: none"> ▪ schemes to increase the supply of affordable housing for rent ▪ schemes for older people including Extra care schemes ▪ Homebuy - to assist people to purchase a home schemes to address low demand and to support community regeneration schemes for people who need support with independent living.
1.29	<p>SHG provision from Welsh Government contributes between 58% and 25% of the funding of the total costs of a development scheme (dependent on housing tenure) with the remaining costs being met by the Housing Association in receipt of the grant. There are four local Housing Associations which operate in Flintshire in receipt of SHG funding. These are:</p> <ul style="list-style-type: none"> • Grwp Cynefin • Pennaf • Wales & West • First Choice Homes.
1.30	Section 106 Planning Agreement Properties
1.31	In order to ensure that all planning applications that involve affordable housing meet key requirements, applicants are required to complete a Section 106 Planning Agreement. The purpose of this agreement is to

	<p>ensure that all affordable housing is of a high quality and that:</p> <ul style="list-style-type: none"> • The homes go to local people most in need of affordable housing; • The rent or prices are affordable and remain so in the future.
1.32	Emerging Themes and Policy Development
1.33	<p>Appendix 2 shows that a projected 132 properties will be secured by Section 106 Planning Agreement between 2015/16 – 2017/18. A number of private developers have recently contacted both Grwp Cynefin and the Council advising there is limited demand for these properties in some areas. These affordable properties could be lost to the Council in perpetuity. Clearly rising property prices in Flintshire, along with increased mortgage costs continue to play a key role in excluding many households across Flintshire from accessing the home ownership market.</p>
1.34	<p>To address this, the Council will continue to work with key housing partners and stakeholders to speed up the rate of occupancy of affordable properties through a number of different measures. This will involve working with the Council's Planning Team to review existing Section 106 Agreements on new housing schemes with private developers. This will include improved monitoring arrangements incorporated into Section 106 Agreements with developers which will clearly outline a clear marketing strategy for all future affordable schemes which will continue to be closely and regular monitored by both the Housing Programmes and Planning Teams. This will be accompanied by a review of eligibility criteria for applicants wishing to access the Flintshire Affordable Register will be undertaken and completed this year.</p>
1.35	<p>A revised marketing strategy for not only Section 106 properties, but all new Council, housing association, NEW Homes properties across Flintshire through improved information sharing with the Housing Options Team on new schemes and re-launch of the Council's own website and other multi-media tools such as twitter and face book to advertise the availability of current and forecast new schemes will also be strengthened. These initiatives will widen the potential audience for the new affordable homes and will enable more people to access both affordable rent and home ownership throughout Flintshire. This will also be supported by briefing and training by Grwp Cynefin on the Affordability Housing Register for key Council staff.</p>
1.36	Housing Association and Section 106 Housing
1.37	<p>The Council is already successfully negotiating the transfer of Section 106 properties to NEW Homes. This approach will continue to be followed where there is a proven affordable housing rental market and / or insufficient purchase market. The Housing Programmes will also continue to support and inform negotiations between private developers and local housing associations to purchase these properties for both social and intermediate rental markets. This will ensure that local people on different incomes will continue to have access to quality accommodation.</p>

1.38	NEW Homes also aims to borrow against its existing assets to secure new affordable housing units. Initial plans included in the financial modelling will see NEW Homes acquire 8 properties to let at affordable rents. This is a prudent level of borrowing against assets owned, and early indications are that private markets could be interested in lending to NEW Homes for this purpose. Prior to commencement of this area of the company's growth plans detailed financial appraisals will be approved by the NEW Homes board and the council's cabinet.
1.39	Commuted Sums
1.40	In some cases, there may be practical reasons which make on site provision of affordable housing difficult or unviable. In these cases, the provision of a commuted sum is considered by the Council. Where a commuted sum is agreed, the Council will accept that the commuted sum should be a value equivalent to the cost of providing the percentage of serviced land required by the policy.
1.41	To date, the Council has received £536K in commuted sum payments from private developers in lieu of affordable housing development, with a further £1.01M to be received during the next three years.
1.42	<p>In October 2014 Cabinet approved guidance to ensure that commuted sums received for the purposes of the provision of affordable housing are spent in a consistent and fair way reflecting the requirements of the Commuted Sums Policy in the following ways:</p> <ul style="list-style-type: none"> • Financial contribution towards the development of both affordable rented accommodation and low cost home ownership schemes. • The development of supported housing schemes at affordable rents and key worker initiatives. • Initiatives that support regeneration projects such as offering loans to tackle empty homes or poor housing conditions, in return for affordable housing nominations for an agreed number of years. • Affordable self-build projects. • The purchase of land for affordable housing. • Mortgage Rescue. • Top up and/or replacement of Social Housing Grant (SHG).
1.43	The Guidance states that the council will use commuted sums to develop affordable housing within 5 years from the date the sum was received, with the council returning un-spent commuted sums to the developer.
1.44	With this in mind, the Housing Programmes Team will lead on developing respective options for spending commuted with local community council to ensure that value for money is achieved when delivering new affordable housing through this mechanism.

2.00	RESOURCE IMPLICATIONS
2.01	Flintshire is currently developing self-financing options for the SHARP which will be presented to Cabinet for approval in March 2016. WG are scheduled to announce proposals for local authorities to receive grant funding for new housing development in Spring 2016.
2.02	For the period 2015/16 – 18/19 277 new homes will be funded by the Council's £14.61M SHG programme. Each of these schemes will need be approved by the Council to secure WG funding.
2.03	There is no financial transaction for the 132 Section 106 affordable properties realised through the Council's planning system. These will remain affordable in perpetuity.
2.04	The Council has £536K in Commuted Sums available to invest in local schemes.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	No consultation undertaken.

4.00	RISK MANAGEMENT
4.01	A SHARP Risk and Opportunity Register has been established which is overseen by the SHARP Project Partnership Board.
4.02	A Risk and Opportunity Register has been jointly developed with local housing associations to oversee the SHG Programme.
4.03	Monthly Design Meetings are held with housing associations to oversee housing development

5.00	APPENDICES
5.01	Appendix 1 – Social Housing Grant Programme 2015/16 – 2018/19
5.02	Appendix 2 – Section 106 Planning Agreement Dwellings 2015/16 – 2018/19

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Contact Officer: Melville Evans – Housing Programmes Manager Telephone: 01352701436 E-mail: Melville.evans@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	Affordable Housing - Affordable housing is social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices.

7.02	Social Housing - Social rented housing is owned by local authorities and housing associations and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime
7.03	Housing Associations - Housing associations are independent societies, bodies of trustees or companies established for the purpose of providing low-cost social housing for people in housing need on a non-profit-making basis. Any trading surplus is used to maintain existing homes and to help finance new ones.
7.04	Strategic Housing And Regeneration Programme (SHARP) - which aims to deliver 500 new Council (200) and affordable homes (300) over the next five years. The Council homes will be managed within the Housing Revenue Account (HRA). The affordable housing element will be managed by NEW Homes.
7.05	Social Housing Grant (SHG) Programme - which is a grant programme allocated to Registered Social Landlords (housing associations) by local authorities from the Welsh Government. The grant aims to provide new affordable housing for rent or low cost home ownership.
7.06	NEW Homes - North East Wales Homes, (NEW Homes) is a Housing company based in Flintshire and owned by Flintshire County Council. NEW Homes owns, leases and manages properties across Flintshire. The company was established to increase the quantity and quality of affordable housing available across the county; increasing housing choice for those who may not qualify for social housing but for whom market housing is unaffordable or difficult to access. In addition NEW Homes provides a professional service to landlords as a managing agent as a means to increase the supply of quality affordable housing.
7.07	Section 106 Planning Agreement - properties from developers meeting their affordable housing provision obligations through Section 106 Agreements. The purpose of these agreement is to ensure that the homes go to local people most in need of affordable housing, and the rents or prices are affordable, and remain so in the future.
7.08	Commuted Sums – sum accepted by the Council from developers in lieu of on-site affordable housing provision outlined in section 106 agreements.