

**Committee:** Community and Housing Committee

**Agenda Item**

**Date:** 9 September 2010

**9**

**Title:** **Stansted Area Housing Partnership –  
Governance arrangements**

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Item for decision

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## Summary

1. This report concerns a review of the arrangements for agreeing the use of the S106 obligation funds received by the council from Stansted Airport Ltd in 2004 for the delivery of affordable housing. It is a response to the effect of public expenditure cuts on the HCA's ability to provide subsidy for affordable housing delivery.

## Recommendations

2. The council agree to a scheme of delegation under which it agrees to authorise the Director of Development to make available 13.33% of the money paid by Stansted Airport Ltd and the accrued interest to each of the other three SAHP authorities subject to the conditions set out in the report (39.99% of the total pot).
3. The Director of Development be authorised to make available to Registered Providers a proportion of the balance of 60% of the money paid by Stansted Airport Ltd and the accrued interest in relation to the subsidy requirements of a particular affordable housing scheme in Uttlesford District that is to be included in the SAHP programme, subject to consultation with the Housing Initiatives Task Group.
4. The simplified first letting only cross boundary nominations arrangements set out in the report be supported.

## Financial Implications

5. There are no costs directly associated with this recommendation as it is concerned with the allocation of capital receipts from Stansted Airport Ltd and the accrued interest which have been held by the council since 2004.

## Background Papers

6. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

Stansted Area Housing Partnership Strategy  
S106 Agreement between Stansted Airport Ltd and Uttlesford District Council  
May 2003

## Impact

7.

Communication/Consultation	This report arises from consultation between the council and other SAHP partners.
Community Safety	
Equalities	
Health and Safety	
Human Rights/Legal Implications	There is no conflict between the proposed arrangements and the 2003 Agreement between Stansted Airport Ltd and the council.
Sustainability	
Ward-specific impacts	Will depend on the location of funded developments
Workforce/Workplace	Once the funding has been expended the SAHP can be wound up and the staff resources on partnership meetings redeployed to joint working on new priority strategic housing initiatives

## Situation

8. The Stansted Area Housing Partnership was set up in 2005 as an initiative between the council and three other authorities: Braintree, East Hertfordshire and Harlow District Councils; and two housing associations at the instigation of Stansted Airport Ltd to deliver a programme of affordable housing delivery with the prime objective of increasing the supply of affordable housing within the core element of Stansted Airport's labour catchment area. Stansted Airport Ltd paid to Uttlesford District Council a sum of £2.2million to support the delivery of affordable housing within a defined area comprising Harlow and Uttlesford Districts and those parts of Braintree and East Hertfordshire respectively representing the areas surrounding and including the towns of Braintree and Bishop's Stortford. Under the Strategy it was agreed that those affordable housing units funded from resources secured through the SAHP using the £2.2m obligation payment or other funding the partnership was able to attract, or capital received by the housing association partners from sales of shared equity homes provided through the SAHP programme, would be made available to the partner local authorities. The share of the nominations was determined through a protocol agreed by the partners. In essence, the host authority for a particular site received 60% of the nominations to the SAHP

funded units, with the remaining 40% being equally split three ways between the other LA partners. As consequence of the cross boundary nominations arrangement, and the access that the SAHP had to the Housing Corporation dedicated growth area funds, for five years any scheme included by the councils in the SAHP programme has successfully secured subsidy from the Housing Corporation/ HCA and there was no need to draw on the sum provided by Stansted Airport Ltd to Uttlesford District Council.

9. Various ideas for making best use of the funds held by the council have been explored over the past two years in the context of continued availability of subsidy for affordable housing from the Corporation and its successor organisation the HCA. Additional developer partners were invited to join the partnership with the aim of increasing the scope of the partnership to include the acquisition of sites by partner organisations for the partnership development programme. Members will be aware that the council on behalf of the SAHP has been allocated government growth area funds to purchase land from Harlow Council for transfer to one of the housing association SAHP partners, and this initiative will be progressed over the next few months. It has proved difficult to date, however, to find suitable privately owned sites in the SAHP area that are available at land values that enable affordable housing delivery.
10. The context has however now begun to change significantly. The HCA has significantly reduced funds for investment, and SAHP partners can no longer expect to receive funding for their schemes. This is a particular issue for Braintree as it is not included within one of the HCA's priority areas for investment. Unlike East Hertfordshire, Harlow and Uttlesford, it is not in the London Commuter Belt, but the other three authorities also anticipate that HCA resources may not be sufficient to fund programmes in their areas.
11. In the relatively benign context that has applied for most of the period since the establishment of the SAHP, the partnership has been able to operate on an informal consensus model of governance. It has recently become apparent however that this model is no longer adequate. Partners had been content to accept that opportunities had not materialised that warranted expenditure of the money paid by Stansted Airport Ltd to the council. The partners have now come to accept however that deferring a decision on the best use of the funds until the perfect opportunity arises needs to be challenged.
12. Braintree District Council has had the opportunity recently to purchase units on a development in Rayne from the private developer at a substantial discount on the open market value. It wanted to use SAHP funds to make the purchase. The SAHP strategy, which is the basis on which the partners agreed to cooperate, enshrined the principle that 60% of the money paid by Stansted Airport Ltd would be invested in developments in Uttlesford. The other authorities accordingly have an expectation that the remaining 40% would be split equally between them. The funding requested by Braintree did not exceed its expected share. Braintree was required by the private developer to commit to the purchase within a short time frame. This exposed the inability under the current governance arrangements of the partnership for the other authorities to decide whether to agree to Braintree's request under their respective internal

processes. Braintree has accordingly had to underwrite the purchase of the units using its scarce capital receipts while the SAHP members clarify their positions, or the outcome of the HCA current mini bid round is known. As we now find ourselves in a context where all the LA partners are likely to look to alternative funding sources besides the HCA to maintain some local affordable housing delivery programme, the SAHP’s governance arrangements need to be reviewed.

13. It is proposed that the council agree to a scheme of delegation under which it agrees to authorise the Director of Development to make available 13.33% of the money paid by Stansted Airport Ltd and the accrued interest to each of the other three authorities provided he is satisfied that the receiving authority will use the funds in accordance with the terms of the 2003 Agreement between Stansted Airport Ltd and Uttlesford District Council to deliver affordable housing. He must also be satisfied that the housing provided would be in accordance with the current version of the Stansted Airport Housing Partnership strategy and the established joint nominations arrangements would apply. The host authority would be body exercising the judgement as to whether the expenditure represented value for money in terms of the type of accommodation secured, and the subsidy rate per unit taking into account, for example, the code for sustainable homes level.
  
14. It is further proposed that the Director of Development be authorised to make available to Registered Providers a proportion of the balance of 60% of the money paid by Stansted Airport Ltd and the accrued interest in relation to the subsidy requirements of a particular affordable housing scheme in Uttlesford District, subject to consultation with the Housing Initiatives Task Group and appropriate agreements with the Registered Providers.
  
15. The current cross boundary nominations agreements also need to be simplified. Non host authorities retain nominations rights to their quota of units in a scheme (which may constitute just one or two units) on subsequent relets. This is causing administrative problems and delays in filling voids, particularly when for example no one on Braintree’s housing list is interested in a vacancy in Harlow. Nominations to unfilled vacancies are then made available to the host authority. Officers of all the local authorities and the Registered Providers agree that out of district nomination rights should only apply on first letting.

**16. Risk Analysis**

Risk	Likelihood	Impact	Mitigating actions
The money paid to and held by Uttlesford DC will be used up quite quickly and will not remain available for	3 Shortage of HCA funding to meet demand	2 Certainty of outputs from a short term programme has to be balanced against	Bids should still be made whenever possible for HCA funding.

strategic investment		potentially greater benefits should as yet unidentified opportunities materialise	
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- 1 = Little or no risk or impact
- 2 = Some risk or impact – action may be necessary.
- 3 = Significant risk or impact – action required
- 4 = Near certainty of risk occurring, catastrophic effect or failure of project.

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