

Uttlesford District Council



Affordable Housing Policy Update Statement 2011-2013



Contents

1. Background	3
2. Affordable Housing 2011-15	4
3. Commuted Sum Policy	8
4. Affordable Housing Viability	9
5. Additional Updates	10
5. Further Information	11

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1. Background

Uttlesford District Council's current Affordable Housing Strategy was approved in November 2009. It sets out requirements and expectations for affordable housing in the District for the period 2009 – 2012 in line with the Government's National Affordable Housing Programme 08/11 which ran until April 2011.

In May 2010, the Coalition Government came into office, and has since put into place a series of changes that will affect Uttlesford's Affordable Housing Strategy.

Whilst a new Affordable Housing Strategy is worked on, this Affordable Housing Policy Update Statement will set out the Council's interim requirements for affordable housing in the District. When referring to this update statement and the Affordable Housing Strategy 2009, this document will take precedent.

This update statement also clarifies the Council's position regarding the provision of affordable housing through a commuted financial sum to be used to help fund off-site Affordable Housing provision in alternative locations. It supersedes advice as set out in the 2009 Affordable Housing Policy, and is intended to run until 2013.

2. Affordable Housing 2011-15

2.1 Current and Future Situation

In 2011, the Homes and Communities Agency, as the Government's National Housing and Regeneration Agency and investment and enabling body, set out plans to change the way in which affordable housing is delivered. The main method of delivering Affordable Housing is proposed to change from Social Rented Housing to Affordable Rented Housing.

Social Rented Housing was the main method of delivering affordable housing under the Homes and Communities Agency's 2008/11 Affordable Homes Programme. The rents are typically set at 50-60% of the Local Housing Allowance.

Affordable Rent is a new method of delivering affordable housing proposed by the Homes and Communities Agency in their Affordable Housing Programme 2011-15. Rents for Affordable Rent are to be set at 80% of Open Market Rents (inclusive of service charge).

In the Homes and Communities Agencies Affordable Homes Programme 2008-11, grant was available for Registered Providers of Social Housing to bridge the gap in costs between how much a home costs to develop and the amount of rent it will bring in (that can be borrowed against) over 25-35 years.

The 2011-15 programme has £2.2bn of funding available for new schemes, 25% of the 2008-11 programme, which had £8.8bn funding. The Homes and Communities Agency has proposed that the additional revenue raised through charging higher rents on new affordable homes and a proportion of conversions from existing social rented homes to affordable rent (when they become vacant), will provide nearly all of the funding required for Registered Providers to develop affordable housing in order to fund around 150,000 new affordable homes. However there is around £1.8bn available for Registered Providers to bid for from the HCA in order to enable schemes to be financially viable. (This does not apply to s106 agreements, where no funding is available.)

2.2 Tenancy Lengths

The Government has also recently consulted with Local Authorities over changing the lengths of tenancies. Local Authorities will be asked to set out a Strategic Tenancy Policy that will set out a broad strategic policy on tenancies, not just the lifetime and probationary tenancies that are currently used.

Uttlesford District Council expects Social Rented and Affordable Rented housing in the district to remain on lifetime tenancies until such time as an Uttlesford Strategic Tenancy Policy is published, up to one year after Localism Bill is enacted through parliament.

2.3 Affordable Housing Mix

As of June 2011, the Council is not proposing to change the percentage of affordable housing expected on development from the current position of 40%.

The Affordable Housing Strategy 2009 sets out a requirement for 30% intermediate housing (shared ownership or intermediate rent) and 70% social rented housing to be provided within the total amount of affordable housing.

Given the changes to Central Government policy since the publication of the Affordable Housing Strategy, the Council now perceives a need to update this requirement.

The Strategic Housing Market Assessment 2008 fig 101 highlights the lack of housing options for households earning £35,000 and below. There is an overwhelming need for rented properties to satisfy households that earn under £35,000. With the Government's Social HomeBuy scheme, it is possible for households to move into shared ownership from Affordable or Social Rented Tenures. Given the option to move into shared ownership, and increased rents, the Council believes that the Affordable Rent product is the most suitable for households earning under £35,000.

For this reason, from the 1st August 2011, the Council will require:

- 100% Affordable Rented Housing
- 0% Intermediate Housing

Developers should assume that no social housing grant is available to fund any part of a Registered Provider's offer for the affordable housing element of any s106 offers.

The Council will want to negotiate over the potential provision for social rented homes on every site to see if these units can be delivered. The Council will consider the use of its commuted sums fund to assist in this provision and will support Registered Provider bids to the Homes and Communities Agency where appropriate.

Intermediate Housing in the form of Shared Ownership properties may be considered in exceptional circumstances at the Council's discretion.

2.4 Re-Lets at Affordable Rent

As laid out in the West Essex District Council's Affordable Housing Expectations Document, the Council expects that no more than one in three re-lets should be provided at Affordable Rent.

The Council also expects that the additional revenue raised from re-letting vacant properties at affordable rents should fulfil the affordable housing needs of Uttlesford District Council residents in the first instance, and West Essex District Council residents in the second instance.

Uttlesford District Council does not support the open market sale of affordable housing by Registered Providers to fund future delivery unless exceptional circumstances prevail.

2.5 Section 106 Payments

The Homes and Communities Agency Framework Document 2011-15 5.14 clearly states that there is no grant available from central government to deliver s106 schemes.

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3. Commuted Sum Policy

3.1 Current Position

The Council has worked closely with the Homes and Communities Agency and considered other similar District Council's affordable housing policies to determine some acceptable variables and calculations that should be used when calculating off-site provisions in lieu of affordable housing.

The Council's current position is that affordable housing should be provided on site unless there are exceptional overriding circumstances.

3.2 Methodology for Calculating Commuted Sums

Uttlesford District Council's standard equation for calculating Commuted Sums in lieu of Affordable Housing is highlighted below:

$$\text{TOTAL SCHEME VALUE} \times 40\% \text{ for Affordable Housing Element} \times 40\% \text{ for Affordable Housing Discount} + 10\% \text{ in lieu of Costs}$$

An example of how a sum would be reached on a scheme with a total gross value of £2,000,000 is shown below:

Total Scheme Value = £2,000,000

x 40% for Affordable Housing Element = £800,000

x 40% for Affordable Housing Discount = £320,000

+10% (of above) in lieu of Costs = £320,000 + £32,000 = £352,000

Monies that are received as Commuted Sum's will be spent on delivering adequate and decent affordable housing throughout the district.

4. Affordable Housing Viability

4.1 Exceptional Circumstances

If exceptional circumstances prevail, the Council is willing to determine the level of affordable housing on a site in relation to exceptional costs.

Taylor Wimpey VS Welwyn Hatfield Council (2010) clearly states that a developer paying above market value for land does not count as a case for a reduction in affordable housing provision.

4.2 External Consultants

If no agreement can be reached between the Council and a Developer, an independent consultant and the Homes and Communities Agency can be used to give an additional opinion on affordable housing provision. This cost will be met by the developer.

4.3 Intermediate Housing

The Council accepts the following as acceptable forms of intermediate housing that are suitable for the local need:

- Shared Ownership (New Build HomeBuy)
- Intermediate Rent
- Rent to HomeBuy

The principle of these products is that households can own a variable percentage in their home and maintain the choice to purchase outright or opt to pay rent and service charges in perpetuity.

At the current time the Council does not accept that Shared Equity schemes form part of a 40% affordable housing contribution. The Council is willing to discuss the provision of intermediate housing in relation to affordable rent and other matters on a scheme by scheme basis.

5. Additional Updates

5.1 Affordable housing mix

The Council currently required developers to provide 40% affordable housing provision on sites larger than 0.5ha or 15 or more units. When deciding the affordable housing dwelling mix, developers should take note of the need in Uttlesford, which is currently high for 2 and 3 bedroom houses.

5.2 Older Persons Housing Provision

The Older Persons Housing Needs Study 2011 highlighted that there is a high need for affordable older persons sheltered accommodation, retirement accommodation, and extra-care accommodation in Uttlesford. Detailed consultation will be required with the council on private older person's schemes that carry an s106 element in order to determine the most suitable tenure and mix of the 40% affordable housing.

5.3 Registered Providers on s106 Sites

Uttlesford District Council has a working relationship with several Registered Providers. The Council holds a list of Registered Providers who they are confident have the management abilities and local knowledge to effectively manage new affordable housing.

If a developer seeks to enter contract with a Registered Provider who is not on the Council's preferred list, they should arrange meetings with the Council's Development and Enabling Officer so the Council can liaise with the Registered Provider in order to ensure that they will be able to effectively manage and deliver the future homes.

5.4 HQI Standards

Developers should ensure that Housing Quality Indicator standards are adhered to in order to meet the Homes and Communities Agency standards for affordable housing. Further information on these standards is available through www.homesandcommunities.co.uk.

6. Further Information

For further information on the Council's policy for Affordable Housing and the development of affordable housing in Uttlesford, please contact the Housing Enabling and Development Officer as set out below:

Sophie Robinson
Housing Enabling and Development Officer
Uttlesford District Council, London Road
Saffron Walden, Essex, CB11 4ER

01799 510 633

Further information can also be obtained from the Council's website, which can be found at www.uttlesford.gov.uk and contains links to download the Council's current Housing Strategies.

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