

**Committee: Housing Initiatives Working Group**

**Agenda Item**

**Date: 3 March 2011**

**6**

**Title: Stansted Area Housing Partnership s106  
Funding Update**

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Item for information

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## **Summary**

1. This report advises the working group on the situation around the monies held by the Stansted Area Housing Partnership for future affordable housing funding.

## **Recommendations**

2. That the Committee considers recommending the use of £445k of the Stansted Area Housing Partnership s106 monies for the development of 9/10 affordable housing units at Holloway Crescent, Leaden Roding.

## **Financial Implications**

3. There is currently around £1.6m in the Stansted Area Housing Partnership that is broadly ring fenced for affordable housing funding in Uttlesford. This is a useful source of funding available to Uttlesford considering the reduction in funding available from the Homes and Communities Agency (HCA).

## **Background Papers**

4. 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.

Holloway Crescent Working Group Phase 2 Report – Jan 2011

Stansted Area Housing Partnership Strategy

S106 Agreement between Stansted Airport Ltd and Uttlesford District Council  
May 2003

Minutes from Community and Housing Committee, 9<sup>th</sup> September 2010

## Impact

5.

Communication/Consultation	N/A
Community Safety	N/A
Equalities	N/A
Health and Safety	N/A
Human Rights/Legal Implications	N/A
Sustainability	N/A
Ward-specific impacts	N/A
Workforce/Workplace	N/A

## Situation

6. 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.

7. In the past, the money had been seen as a reserve should funding not have been obtained from the Homes and Communities Agency. From 2008-11, the HCA's funding situation allowed it to provide funding for most projects brought forward. This situation has now changed, along with the funding model. The Stansted Area Housing Partnership monies are now a key source of funding available to UDC to provide affordable housing in the district.
8. The use of the SAHP was subject to a report to Community and Housing Committee on the 9<sup>th</sup> September 2010. Because of the change in circumstances, primarily around the lack of opportunities to use the money effectively under the previous informal model of governance between the authorities, the following recommendations were agreed by the Committee:
  - I. 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).
  - II. 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.
  - III. The simplified first letting only cross boundary nominations arrangements set out (In the report).
9. This agreement gives the Director of Development scope to use a proportion of the 60% of the funding that will be retained by Uttlesford to fund schemes led by the Council and a scheme on Phase 2 of Holloway Crescent has been identified as providing an opportunity to develop new homes with subsidy from the SAHP funding.
10. The Holloway Crescent Working Group has recommended that £445k of the SAHP monies be used to fund a 9/10 unit affordable housing scheme at Holloway Crescent, Leaden Roding. This scheme is on Council Land, and therefore has a lower funding requirement. The working group proposed that this scheme be delivered and owned by UDC, meaning that future rents can be retained by the Council. Initial site appraisals have shown a need for around £445k in public subsidy to make the scheme deliverable (subject to obtaining accurate build costs and rent projections).
11. The Holloway Crescent Scheme would deliver homes at a grant requirement of around £44.5k per unit, which is under the average £60k per unit average grant rate during the 2008-11 HCA funding round in the Eastern Region.
12. Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Ensuring grant given from the SAHP is close to averages for the region to ensure best value.	1 – Careful consideration of proposals should ensure the grant levels are within average levels.	2 – Funding higher cost developments would result in less affordable housing	To ensure initial site appraisals are followed by accurate quotes to ensure funding requests are accurate.

- 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.