

<b>Committee:</b>	Housing Board	<b>Date:</b>	5 July 2018
<b>Title:</b>	Section 106 Affordable Housing Contributions		
<b>Report Author:</b>	Judith Snares – Housing Strategy and Operations Manager - 01799 510671	<b>Item for decision:</b>	Yes

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## Summary

1. This report details the potential deficit in the Housing Revenue Account (HRA) development programme and how the Section 106 affordable housing contributions can be utilised to reduce the requirement for HRA funding to be used alongside right to buy receipts to maintain the council's own development programme.

## Recommendation

2. That the Housing Board:
  - notes the current position regarding funding capacity in the HRA to support the council's HRA new build programme.
  - recommends to Cabinet that the Section 106 affordable housing contributions are utilised within the council's own HRA development programme.

## Financial Implications

3. Detailed in report.

## 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:
  - HRA Business Plan
  - Housing Asset Management and Development Strategy

## Impact

- 5.

Communication/Consultation	Parish Councils
Community Safety	N/A
Equalities	N/A
Health and Safety	N/A
Human Rights/Legal Implications	N/A
Sustainability	N/A
Ward-specific impacts	All

## Situation

6. The HRA Business Plan is a part of our medium-term financial planning and is updated after completion of each quarterly Pooling Return submitted to DCLG.

### Updated HRA Business Plan Summary

	2018/19	2019/20	2020/21	2021/22	2022/23
	Original	Original	Original	Original	Original
	Budget	Budget	Budget	Budget	Budget
	£'000	£'000	£'000	£'000	£'000
Income	(15,401)	(15,106)	(15,794)	(16,384)	(16,997)
Service Expenditure	4,188	4,188	4,188	4,188	4,188
Other Expenditure	8,551	8,151	8,458	8,288	8,257
<b>Operating (Surplus) / Deficit</b>	<b>(2,662)</b>	<b>(2,767)</b>	<b>(3,148)</b>	<b>(3,908)</b>	<b>(4,552)</b>
HRA Loan	2,000	2,000	2,000	2,000	2,000
From Capital Receipts	(2,000)	(400)	0	0	0
Capital Spend	10,352	7,236	6,410	5,685	5,685
Capital Financing	(7,690)	(6,069)	(4,303)	(3,777)	(3,133)
<b>HRA (Surplus) / Deficit</b>	<b>(0)</b>	<b>0</b>	<b>960</b>	<b>0</b>	<b>0</b>

7. The projected HRA Business Plan is showing a deficit of £960K in 2020/2021; the unexpected increase in number of RTB's in 2017/2018 has contributed towards the deficit as it has increased the required spend on the council's RTB 1-4-1 new build replacements required in the next 3 years.
8. Capital expenditure for the council's development programme is funded from capital receipts, grants and from revenue resources in the HRA which in effect means housing rents.
9. Officers continue to review funding opportunities for the development of new council homes in order to increase the supply of local affordable housing. To date the programme has delivered 71 new council homes for rent. There are a further 43 homes currently under development.
10. One such funding opportunity would be to include the use of S106 monies on the council's own development programme.
11. The council currently holds approximately £1m in Section 106 affordable housing contribution money.

12. This money can be used as a contribution towards the delivery of affordable housing schemes in the district and has in the past been used to help with any shortfall of funding on schemes being delivered by partner Housing Associations.
13. Utilising the S106 contributions to finance the council's own council build development programme will limit the projected deficit in the HRA and reduce the possibility of increased finance costs of sourcing external funding.
14. The HRA funding element required for 2018/2019 RTB 1-4-1 development programme is £1.65m (see table below).

### Current RTB 1-4-1 New Build Schemes 2018/2019

Scheme	2018/19 Budget £'000	Capital Receipts £'000	HRA Funding £'000
Sheds Lane	225	68	157
Newton Grove	575	173	402
Frambury Lane	771	231	540
The Moors	787	236	551
<b>Total</b>	<b>2,358</b>	<b>708</b>	<b>1,650</b>

15. It is proposed that Section 106 contributions of £942,200 are utilised by the HRA development programme to replace the HRA funding on the schemes at Newton Grove and Frambury Lane.
16. Other funding opportunities will be explored for financing the scheme at The Moors.

### Risk Analysis

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Risk	Likelihood	Impact	Mitigating actions
Deficit within the HRA in 2020/21	3 There is currently a projected deficit of 960K in 2020/21	3 To continue the development programme would require funding to be curtailed on planned and responsive maintenance work on the current stock,	By utilising Section 106 affordable housing contributions the development programme can continue with reduced need of funding from HRA, and therefore little or no impact on current programmes of work

		the alternative is to curtail the development programme	
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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.