

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE – 11 DECEMBER 2002

Joint Report of the Forward Plan & Regeneration Manager and the Housing Manager – Private Sector and Development

This matter is the joint responsibility of Executive Councillors Phil Stone and Roy Bulgin.

Potentially the report could affect all Council Wards.

IMPLEMENTING AFFORDABLE HOUSING IN TAUNTON DEANE

1.0 PURPOSE OF REPORT

- 1.1 The attached report has been considered and approved by both the Housing and Strategic Planning, Transportation and Economic Development Review Panels.
- 1.2 It is being brought to the Executive for it to approve the second recommendation of the report.
- 1.3 As a point of information, it should be noted that in line with the decisions of the Executive at its meeting on 15 May 2002, 'affordable housing' is housing '...that is provided, with subsidy, for people who are unable to resolve their housing requirements in the local housing sector market because of the relationship between housing costs and incomes'. In practice, this will generally be housing provided by a Registered Social Landlord for rent or shared ownership where control of the 'equity discount' is retained in perpetuity.

2.0 RECOMMENDATION

- 2.1 It is **recommended** that the continued negotiation of affordable housing at nil public subsidy be approved.

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TAUNTON DEANE BOROUGH COUNCIL

**STRATEGIC PLANNING, TRANSPORTATION AND ECONOMIC DEVELOPMENT
REVIEW PANEL – 19 NOVEMBER 2002
HOUSING REVIEW PANEL – 27 NOVEMBER 2002**

**Joint Report of the Forward Plan & Regeneration Manager and the Housing
Manager – Private Sector and Development**

This matter is the joint responsibility of Executive Councillors Phil Stone and Roy Bulgin.

Potentially the report could affect all Council Wards.

IMPLEMENTING AFFORDABLE HOUSING IN TAUNTON DEANE

1.0 PURPOSE OF REPORT

- 1.1 To advise Members of a change to the rate of public subsidy in the provision of affordable housing, and to seek confirmation of their continued support for the approach to negotiation as set out in the Council's Draft Supplementary Planning Guidance (SPG).

2.0 SUMMARY

- 2.1 The Council has yet to finalise its SPG concerning the provision of affordable housing on general market sites. An important feature of this is the Council's intention to seek the provision of such housing at a price that requires no public subsidy. The proportion of the cost of providing new affordable housing that is met by public subsidy has increased substantially since the Council published its draft SPG for consultation. To ensure that the public funds available for new affordable housing are used most effectively, it is recommended that the Council continues to seek the provision of new affordable housing from the developers of general market housing sites at nil public subsidy.

3.0 BACKGROUND

- 3.1 The delivery of affordable housing within schemes of general market housing development, secured through the planning system by the use of Section 106 Agreements, is an important element of provision. It is likely to become increasingly so in the future.
- 3.2 To help with the implementation of this means of provision the Council approved draft SPG - 'Implementing Affordable Housing in Taunton Deane' - for the purpose of public consultation in July 2001. The purpose of the SPG is to make landowners, developers and any other parties with an interest, aware

of the Council's requirements and the way in which it proposes to achieve the delivery of affordable housing.

- 3.3 The consultation on the draft SPG took place in August and September 2001, and a number of responses were received. Unfortunately, due to the pressures of the Taunton Deane Local Plan Public Inquiry on the staff resources of the Forward Plan and Regeneration Unit, it has not yet proved possible to report the results of the consultation and any proposed changes back to Members. As the Inquiry is still ongoing it is likely to be a little longer before this can be done, although it will be treated as a matter of priority once the Inquiry has closed. In the meantime it has been decided that, due to a change of circumstances, confirmation of the Council's commitment to the approach outlined in the draft SPG is required now.

4.0 THE NEED FOR ACTION

- 4.1 One of the key aspirations of the SPG is to secure the delivery of affordable housing on 'Section 106' sites with the minimum amount of public subsidy. Such funds are very limited, so this approach will ensure that the funds available are used to deliver the maximum possible number of new affordable dwellings. To achieve this the SPG states that the Borough Council will seek to negotiate the provision of affordable housing at a price that requires no public subsidy (or Social Housing Grant (SHG)).
- 4.2 At the time that the SPG was drafted the rate of SHG stood at an average of about 40% of the indicative cost of providing new affordable dwellings, as defined by the Government's Total Cost Indicator (TCI). Since then, however, the Government has increased the rate of SHG significantly, so that it now stands at an average of around 60% of TCI.
- 4.3 The possibility that the rate of SHG might change was foreseen when the SPG was written. Consequently, it advises readers to contact the Borough Council's housing officers to ascertain up to date details of the current rates of SHG and the TCI. No specific reference is made to a particular rate of SHG other than in one worked example.
- 4.4 In view of the scale of increase in SHG, however, and the importance of clarity and certainty in the Borough Council's position when dealing with developers, landowners and providers of affordable housing, it is considered advisable for the Council to confirm its position in relation to the changed rate of SHG. It should be noted that doing this now will neither alter the draft SPG nor pre-empt any recommendations and decisions which are ultimately reached in response to the consultation on it.

5.0 CONCLUSIONS

- 5.1 Securing the provision of affordable housing on general market sites through the use of Section 106 Agreements is becoming an increasingly important source of supply.

- 5.2 If the number of affordable dwellings provided is to be maximised the amount of public subsidy per dwelling will need to be minimised and, on Section 106 sites, preferably eliminated.
- 5.3 The Council is producing SPG to assist the provision of affordable housing, but this is incomplete at present and is unlikely to be so in the near future.
- 5.4 Although the rate of public subsidy (SHG) has increased to 60%, it is important that the Council continues to seek the provision of affordable housing from developers of general market housing sites at nil public subsidy.

6.0 CORPORATE PRIORITIES

- 6.1 By maximising the number of new affordable dwellings provided from available resources, implementation of the Recommendation will help to deliver the Corporate Priority of **Encouraging Healthier Lives**.

7.0 RECOMMENDATIONS

- 7.1 It is **recommended** that:
- i. the increase in the rate of SHG to 60% since the draft SPG was approved for consultation be noted: and
 - ii. the Appropriate Executive Councillor approves the continued negotiation of affordable housing at nil public subsidy.

Background Papers

The following document has been used in the production of this report;

Implementing Affordable Housing in Taunton Deane – Draft Supplementary Planning Guidance, July 2001

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