

# Economy and Enterprise Overview and Scrutiny Committee

27 February 2014



## Affordable Housing Delivery

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### Report of Ian Thompson, Corporate Director, Regeneration and Economic Development

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#### Purpose of the Report

1. The purpose of this report is to outline the extent of affordable housing delivery throughout County Durham.

#### Background

2. Affordable housing can be defined as:

*Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. – Communities and Local Government.*

3. Affordable housing delivery within County Durham forms an essential part of the overall housing market throughout the county.
4. The Strategic Housing Market Assessment (SHMA) identifies there is an annual shortfall of 674 affordable units.
5. There are a number of types of affordable housing, each is designed to meet the affordable housing needs of our customers.
6. The main types of affordable housing are:

#### Affordable Rent

7. Properties that are developed by House Builders or Registered Providers and are to be rented, are generally rented at what is deemed to be an affordable rent. Affordable rent is 80% of the market rent for that area.

#### Social Rent

8. Social rent can be charged as an alternative to affordable rent, there is vary little variation within the county between the two types of rent, however in the South East there can be considerable differences. Social rent is calculated based on a government formula which ensures rental is kept low.

#### Discount Market Sale

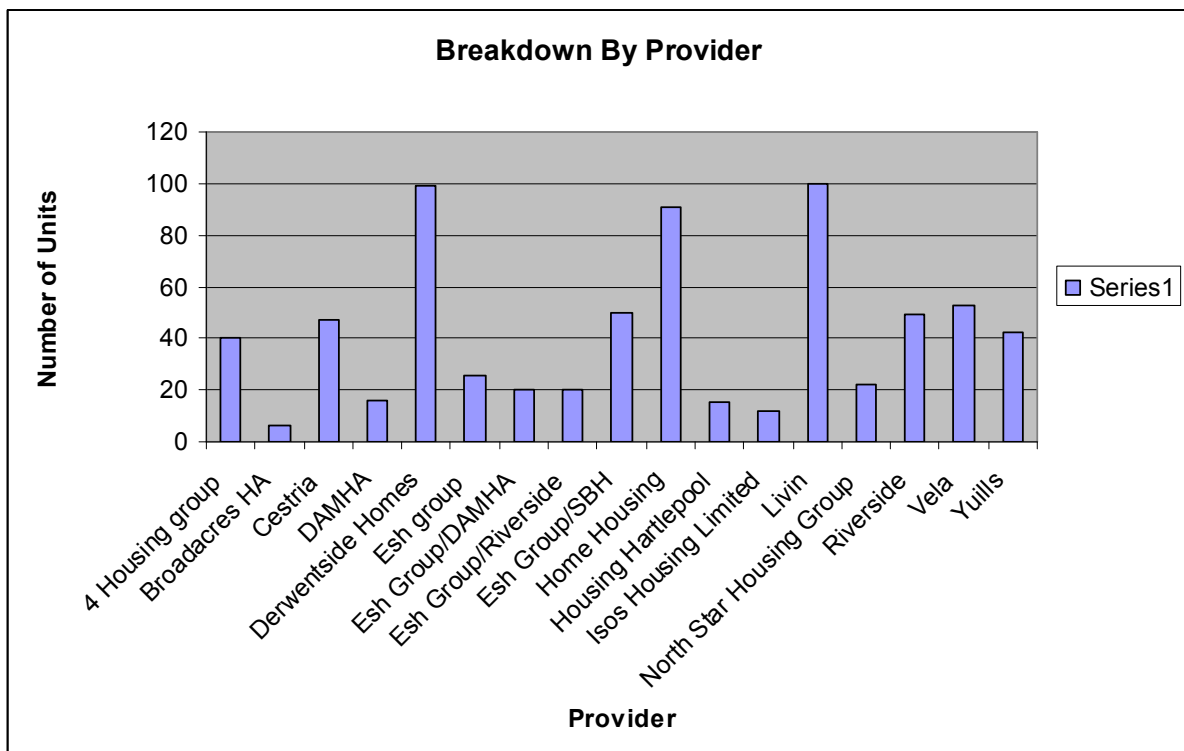
9. Discount market sale is a product which allows customers to purchase the property at a discount. Generally the discount is in the region of 30%. The discount amount is held in perpetuity and can only ever be sold at 70% of its market value, meaning the property remains affordable.

## Shared Equity

10. A scheme of shared equity allows a prospective purchaser to own a proportion of the property and for a Registered Provider to own the remainder. The homeowner over time can opt to purchase more equity in the property until they own the property outright.
11. There are a number of additional schemes, which are marketed to first time buyers, these include home buy initiatives set by government, many of these schemes are developed to stimulate the housing market and do not necessarily aim to provide affordable housing.

## Past Performance

12. The number of affordable homes over the past 4 years has steadily increased as follows:
  - In 2009/10 a total of 223 affordable units were delivered.
  - In 2010/11 a total of 289 affordable units were delivered.
  - In 2011/12 a total of 344 affordable units were delivered.
  - In 2012/13 a total of 389 affordable units were delivered.
13. In 2010 the Homes and Communities Agency (HCA) launched their affordable homes programme 2011 – 2015. This programme has assisted in the delivery of affordable housing throughout the county and has directly delivered some 500 units since 2011 with a further 200 units due to complete prior to April 2015. The graph below demonstrates the number of units to be delivered by each of the registered providers through the current HCA programme.



14. Registered Providers within Durham were awarded in the region of £15m in grant assistance, with an average grant rate of £21,186 per unit, enough to deliver 700 units.

### **Moving Forward**

15. Through the latest SHMA, affordable housing requirements have been set for developments to include the following affordable housing percentages:

South	-	10%
West	-	15%
Central	-	20%
East	-	10%

16. The HCA have launched their new Affordable Homes Prospectus 2015 – 2018 and are currently seeking expression of interest from Registered Providers. This programme will assist in the continuation of a healthy supply of affordable housing within the county.

17. The timescales associated with his new prospectus are:

<b>Milestone</b>	<b>Date</b>
Launch of bid round	27 Jan 2014
Close of bid round	noon Wednesday 30 April 2014
Clarification and assessment of bids	01 May-20 June 2014
Moderation of bids	23-30 June 2014
Clearance of recommendations for allocations	early July 2014
Announcement of successful allocations	mid-July 2014

18. As part of the programme, the council will work alongside providers in ensuring their proposals fit in with the SHMA and new affordable housing is located within those areas of most need.

### **Recommendation**

19. That the members of the Economy and Enterprise Overview and Scrutiny Committee note and comment upon the information provided in the report.

20. That the Economy and Enterprise Overview and Scrutiny Committee receive at a future meeting an update in relation to affordable housing delivery.

### **Background papers:**

HCA Affordable Homes Prospectus 20015 - 2018

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**Appendix 1: Implications**

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**Finance** – None

**Staffing** - None

**Risk** - None

**Equality and Diversity** – None

**Accommodation** – None

**Crime and Disorder** – None

**Human Rights** - None

**Consultation** - None

**Procurement** – None

**Disability Discrimination Act**- None

**Legal Implications** - None