

**Economy and Enterprise
Overview and Scrutiny Committee**

15 December 2014



Affordable Housing Delivery - Update

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

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 very 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.

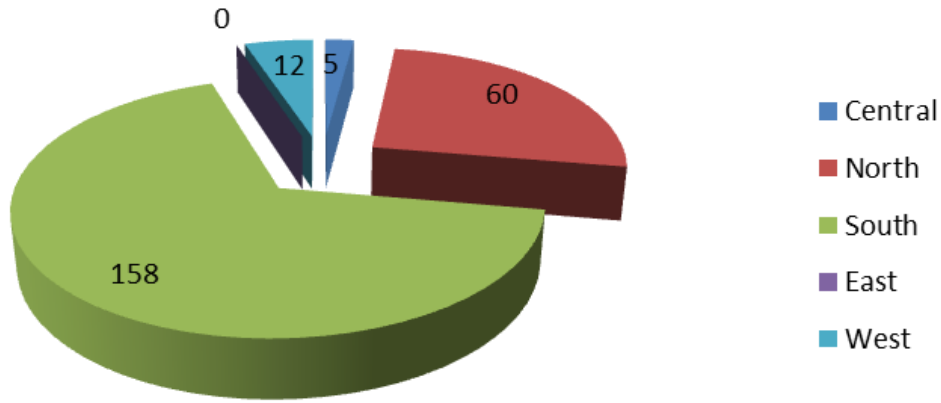
In 2011/12 a total of 344 affordable units were delivered.

In 2012/13 a total of 389 affordable units were delivered.

In 2013/14 a total of 412 affordable units were delivered (669 Inc Help to Buy).

13. On July 22nd 2014 the Homes and Communities Agency (HCA) launched their affordable homes programme 2015 – 2018. This programme invited bids from Registered Providers to seek funding to assist in the delivery of affordable housing. The programme has two elements, these being; 'Firm Schemes' where sites have been identified and where a start on site can be programmed and also a process of 'Continuous Market Engagement' allowing schemes to come forward as sites progress.
14. Registered Providers within Durham were awarded in the region of £5.2m in grant assistance, in respect of firm schemes, with an average grant rate of £22,000 per unit, enough to deliver 235 units, the allocation of these units by delivery area is shown below:

AHP 2105 -18 Number of Units by Delivery Area



15. It is noted that the east of the county has had no firm development sites within the HCA programme. However, through the continuous market engagement route, Registered Providers have highlighted schemes within the east, thus redressing the geographic balance.

Moving Forward

16. Through the latest Strategic Housing Market Assessment (SHMA), affordable housing requirements have been set for developments to include the following affordable housing percentages:

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

17. To seek to address this affordable housing requirement, the council will work alongside RP's and Developers to promote developments of the right tenure mix. Any proposals will be assessed against the SHMA and the emerging County Durham Plan to ensure new affordable housing is located within those areas of most need.

18. It is projected to deliver in the region of 400 affordable units in 2014/15, this will be through the HCA affordable homes programme, S106 developer obligation and through affordable housing schemes delivered via RP's using their own resources.

Recommendation

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

Background papers:

HCA Affordable Homes Prospectus 2015 – 2018.

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Appendix 1: Implications

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