

Report by the Director for Communities

Developing New Affordable Homes for Adur Residents

1.0 Summary

- 1.1 There is an acute need for new housing, especially affordable housing in Adur District. The Council has a budget of £810,000 for grants to Registered Social Landlords which is part funded by S106 receipts (£477,000).
- 1.2 The Council has Right to Buy (RTB) capital receipts that can be used to support the development of new affordable housing. This report recommends the Council uses £249,999 of these receipts to support the development of new homes in Ham Road, Worthing. The Council would have 100% nomination rights for Adur residents for these properties.

2.0 Background

- 2.1 Prior to 2012/13, the Council was only entitled to retain 25% of any receipt from a Right to Buy sale of a Council dwelling, the remainder of the receipts were paid to DCLG. However, following the changes to the Housing Subsidy regime, a new protocol was introduced whereby the Council could retain a far higher proportion of receipts provided that these additional receipts are used to fund affordable housing. DCLG rules stipulate that these RTB receipts must be spent on the re-provision of affordable housing. The receipts must contribute to no more than 30% of the overall cost of the housing. If the receipts are not spent within a three year time frame then the money must be returned to DCLG with interest.
- 2.2 The Council has RTB receipts of £249,999 that have to be committed by 31st March 2017 or they will have to be returned to DCLG.
- 2.3 In exploring a range of options to expedite the use of these receipts, the Council approached a local Registered Provider (Worthing Homes) to explore possibilities, given that a minimum of 70% of the total cost of any development using these receipts, must be met by a source other than the Right to Buy receipts.

- 2.4 Worthing Homes are developing a small supply of new affordable housing on the eastern edge of Worthing, by Ham Road. They are building four one bedroom flats, and five two bedroom houses, some with private gardens, others with shared gardens. Each property would have a car parking space and there would be four visitor spaces.
- 2.5 80% of the households on the Adur Housing register require one or two bedroom housing.
- 2.6 Worthing Homes have offered 100% nomination rights for Adur residents to this scheme in exchange for the Council's support of RTB receipts.
- 2.5 The Council can only fund up to 30% of any development:
- The approximate land and build costs are £1.530m. 30% of this figure is £459,000.
 - The approximate total scheme cost is £1.690m. 30% of this figure is £507,000.

If agreed this scheme would fund 15% of the development. This scheme represents a highly effective use of the receipts for the Council.

3.0 Proposal

- 3.1 Adur Council agrees to commit £249,999 of RTB receipts to Worthing Homes for the development of nine units of affordable rented accommodation in Ham Road, Worthing.
- 3.2 In return Adur Council receives 100% nomination rights to the new homes for residents of Adur.
- 3.3 The Executive Member for Customer Services has delegated power to approve the release of £249,999 RTB receipts and it is proposed this power is used to release the funds to Worthing Homes by 31 March 2017.

4.0 Legal

- 4.1 The Council has an agreement with the Secretary of State for Communities and Local Government under section 11(6) of the Local Government Act 2003. This agreement enables the Council to retain previously pooled Right To Buy receipts provided that these receipts are used to fund social housing. The Council can only fund up to 30% of any proposed development costs using the retained receipts.

5.0 Financial implications

- 5.1 The Council has a budget of £810,000 for support to deliver Affordable Housing within the approved 2016/17 capital programme. If the proposal to utilise the Right to Buy receipts is approved, then £249,999 of this budget would be released and the RTB receipts would be used to fund the proposed grant to Worthing Homes.

6.0 Recommendation

- 6.1 The Executive Member approves the release of £249,999 of the grants to Registered Social Landlords budget to fund a contribution to the Worthing Homes scheme in Ham Road funded by the Right To Buy receipts.**

Local Government Act 1972 Background Papers:

None.

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Schedule of other matters

1.0 Council Priority

1.1 A thriving economy requires a housing market that meets the needs of all its residents. The Councils' approach is to look at housing in its broadest context, rather than just focussing on those in greatest housing need. Locally this means the delivery of secure and relevant housing for all the people of Adur & Worthing. This use of RTB receipt money will deliver nine new needed homes for the residents of Adur.

2.0 Specific Action Plans

2.1 Matter considered and no issues identified.

3.0 Sustainability Issues

3.1 The new homes will be built according to modern building standards covering planning sustainability requirements.

4.0 Equality Issues

4.1 Matter considered and no issues identified.

5.0 Community Safety Issues (Section 17)

5.1 Matter considered and no issues identified.

6.0 Human Rights Issues

6.1 Matter considered and no issues identified.

7.0 Reputation

7.1 Matter considered and no issues identified.

8.0 Consultations

8.1 Matter considered and no issues identified.

9.0 Risk Assessment

9.1 Matter considered and no issues identified.

10.0 Health & Safety Issues

10.1 Matter considered and no issues identified.

11.0 Procurement Strategy

11.1 Matter considered and no issues identified.

12.0 Partnership Working

12.1 Matter considered and no issues identified.