



ADUR & WORTHING COUNCILS

**Leaders
16 June 2017**

**Decision to be taken on or after
26 June 2017**

Ward: Southlands

Key Decision: Yes

Developing New Affordable Homes for Adur Residents

Report by the Director for Communities

1.0 Summary

- 1.1 There is an acute need for new affordable housing in Adur district. Adur District 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 up to £419,411.00 of these receipts to support the development of new homes on the Southlands hospital site in partnership with Worthing Homes. 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 reprovision 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 £372,828 which have to be committed by 30th June 2017 and a further £46,583 of receipts which have to be committed by the end of September 2017 or they will have to be returned to DCLG, making a total of £419,411.
- 2.3 In view of the urgent time frame the Council approached a local Registered Provider (Worthing Homes) to discuss the options. Given that 70% of the total cost of any development using these receipts, must be met by a source other than the Right to Buy receipts it was important that any partner used to deliver the new homes had the ability to secure any additional funding needed to make the new homes viable.

- 2.4 Worthing Homes are part of the new development at Southlands Hospital in Shoreham. There are some three and four bedroom houses which are currently identified for shared ownership however there is little if any demand for larger family houses for shared owned in existing Adur Homes stock, who are homeless or in housing need on the Housing Register.
- 2.5 With the RTB receipts provided to Worthing Homes as a grant, the Council's funding means that three of these properties can be converted into much needed rented homes. The proposal is to provide two four bedroom rented homes and one three bedroom rented home.
- 2.6 It has been agreed with Worthing Homes that 100% nomination rights to these properties will be for Adur residents in exchange for the Council's support using RTB receipts.
- 2.5 Under the RTB agreement, the Council can only fund up to 30% of any development. These are large family homes with a confirmed valuation of £399,950 for the three bedroom houses and an estimated valuation of approximately £475,000 for the four bedroom homes. This will equate to a grant funding of £119,985 per home and approximately £142,500 per home respectively. Worthing homes will also contribute capital funding and the remainder will be covered via the rental income. If agreed, this scheme represents an effective use of the receipts for the Council.
- 2.6 It is proposed to transfer the whole sum of receipts available (£419,411.00) as any receipts not used in their entirety for this specific scheme can be used to contribute to the provision of another home in the near future.

3.0 Proposal

- 3.1 Adur Council agrees to commit £419,411.00 of RTB receipts to Worthing Homes for the development of three affordable, rented, family homes in Shoreham.
- 3.2 In return Adur Council receives 100% nomination rights to the new homes for residents of Adur.
- 3.3 The Leader has delegated power to approve the release of £419,411.00 of RTB receipts and it is proposed this power is used to release the funds to Worthing Homes by 30th June 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.

4.2 A deed of variation to the section 106 agreement for the development will be required to reflect the change from shared ownership provision on the site to additional affordable rented homes. Approval will be sought from Adur Council to achieve this. A funding agreement will also be required to secure the nomination rights.

5.0 Financial implications

5.1 As at 31st March 2017, the Council held set aside capital receipts for replacement affordable housing of £1,507,000. The Council has a three year window in which to use these receipts to fund the delivery of additional affordable homes. Under the terms of our agreement with DCLG, at the end of each quarter receipts not used have to be returned to government with interest. For 2014/15 the amount of receipts which could potentially be returned to government are:

	1-4-1 replacement receipts £
Q1	372,828.57
Q2	46,583.39
Q3	333,018.75
Q4	70,074.47
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	822,505.18
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5.2 The Council already has a capital budget of £250,000 for a grant to Worthing Homes for 9 Units at the Ham Road development. The proposed development unfortunately failed to gain planning permission. It is proposed that the budget be ultimately increased to £419,500 to allow for a larger payment to Worthing Homes to fund the new social rented homes at the new Southlands housing development outlined above.

5.3 At this stage the Leader is asked to approve the release of the receipts due to be repaid by the 30th June 2017 (£373,828.57) and increase the capital budget by £123,830 which is with the capital virement limit of the Executive.

5.4 This will ensure that the receipts due to be repaid by the 30th June 2017 are used to the benefit of Adur residents rather than being return to DCLG. A further report to the Joint Strategic Committee will come forward to the July meeting to enable the remainder of the receipts to be released (£46,583.39) to support the scheme.

6.0 Recommendation

- 6.1 The Leader approves the further release of £123,830 of the RTB receipts to make grant funding available to Worthing Homes for the provision of three family homes as set out above and amends the current Affordable Housing capital budget to £373,830.**

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 three new much needed homes for the residents of Adur.

2.0 Specific Action Plans

- 2.1 This proposal supports the delivery of increasing the supply of affordable homes in Adur as outlined in the Councils' Housing Strategy 'Housing Matters' and the commitments as set out in the Councils' corporate plan, 'Platforms for our Places'.

3.0 Sustainability Issues

- 3.1 The new homes have been built 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 Full utilisation of RTB receipts allowing the Councils to achieve their ambitions as set out above, supports our wish to maintain our reputation for delivering on our commitments..

8.0 Consultations

- 8.1 Leaders and Executive Member for customer services are aware and in agreement with this proposal.

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 Adur and Worthing Councils work closely with Registered Social Landlords and Worthing Homes in particular as a local stakeholder and partner. This service only further to cement and strengthen that partnership, recognising as set out in our Housing strategy, that we will only achieve our ambitions working collaboratively. Matter considered and no issues identified.