



## **Developing New Affordable homes for Adur Residents - Additional contribution to Worthing Homes**

### **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 a further £379,602 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 which need to be committed in 2017 comprising £46,583 of receipts which have to be committed by the end of September 2017 and £333,019 by the end of December 2017 making a total of £379,602. If these receipts are not committed by the due date they will have to be returned to DCLG.
- 2.3 The Council has 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 is important that any partner used to deliver the new homes has the ability to secure any additional funding needed to make the new homes viable.

- 2.1 Worthing Homes are part of the new development at Southlands Hospital in Shoreham. There are a small number of 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 ownership from those in existing Adur Homes properties, those who are homeless or in housing need on the Housing Register.
- 2.5 The RTB receipts referred to above together with the RTB receipts of £372,828 previously agreed by the Leader in June 2017 will be provided to Worthing Homes as a grant. The Council's funding means that a total of at least five of these properties can be converted into much needed rented homes. The proposal In total, using all the receipts, is to provide a minimum of two, four bedroom rented homes and three, three bedroom rented homes.
- 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.
- 2.7 Under the RTB agreement, the Council can only fund up to 30% of any development. These are large family homes, 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.

### **3.0 Proposals**

- 3.1 Adur Council agrees to commit £379,602 of RTB receipts (£46,583 plus £333,019) to Worthing Homes for the development of further affordable, rented, family homes in Shoreham.
- 3.2 In return Adur Council receives 100% nomination rights to the new homes for residents of Adur.

### **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.

5.2 For 2017/18 the amount of receipts which could potentially be returned to government are:

	1-for-1 replacement receipts £
Q1	372,828
Q2	46,583
Q3	333,019
Q4	70,075
	<hr/>
	822,505
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5.3 To ensure that these are used for the benefit for Adur Residents, an allocation of £372,828 towards family accommodation has already been approved. The first £250,000 was allocated from the existing affordable housing budget by the Executive Member for Customer Service on 13th March 2017 with a further £122,828 funded by retained capital receipts being approved by the Leaders on 16th June 2017.

5.4 This additional contribution will increase the total grant to Worthing Homes to £752,430 and will ensure that all of the receipts generated up to 30th December will be used to the benefit of Adur residents rather than being returned to DCLG.

5.5 It is expected that the residual amount of £70,075 will be used to fund developments with the Housing Revenue Account

## 6.0 Recommendation

**6.1 That JSC recommends to Adur District Council the further release of £379,602 of the retained RTB receipts to enable grant funding to Worthing Homes for the provision of further family homes as set out above and amends the current 'Affordable Housing Grant - Worthing Homes' capital budget to £753,430.**

## **Local Government Act 1972**

### **Background Papers:**

Report to the Executive Member of Customer Services dated 3rd March 2017 - Developing New Affordable Homes for Adur Residents

Report of the Leaders dated 16th June 2017 - Developing New Affordable Homes for Adur Residents

DCLG Funding Agreement

Reinvigorating Right to Buy and One for One Replacement - guidance from DCLG

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## **Schedule of Other Matters**

[To be completed on all reports. If no issues are identified under a heading then it should read "Matter considered and no issues identified."]

### **1.0 Council Priority**

1.1 [Set out which of the Council's priorities the proposal meets and how. ]

### **2.0 Specific Action Plans**

2.1 (A) [Set out the specific outcomes from the Corporate Plan the proposal is aimed at achieving and how]

(B) [Set out any specific government target the proposal is aimed to achieve]

### **3.0 Sustainability Issues**

3.1 [Details of any sustainability issues, checklist to be completed and submitted to Community Wellbeing]

### **4.0 Equality Issues**

4.1 [Details of any equality issues or how the proposal improves the current position]

### **5.0 Community Safety Issues (Section 17)**

5.1 [Details of how the proposal helps reduce crime and disorder and to meet the Council's duty regards crime and disorder reduction targets]

### **6.0 Human Rights Issues**

6.1 [Does the proposal impinge on anyone's human rights and if so how is it justified under the Human Rights Act? Human rights include:  
Right to a fair trial, respect for family life, private life, home and correspondence, freedom of thought, expression, assembly and association and protection and quiet enjoyment of property and possessions. Also ask, is the action proportionate to the anticipated response or outcome?]

### **7.0 Reputation**

7.1 [Is the proposal likely to have an impact on the reputation of the Council(s)]

### **8.0 Consultations**

8.1 (A) [Details of relevant internal (staff UNISON etc) and external (including Stakeholder Groups; etc.) consultation]

(B) Include how have you used the feedback from the consultation in this proposal

### **9.0 Risk Assessment**

9.1 [Details of risks of doing or not doing? Are there insurance or public liability issues? Is there a statutory duty on the Council to do what is proposed and what are the consequences of not doing it? Highlight if this report meets an element in the corporate business continuity plan]

## **10.0 Health & Safety Issues**

10.1 [Details of any health and safety issues]

## **11.0 Procurement Strategy**

11.1 [Confirm that the report complies with the Procurement Strategy or explain why the Strategy had not been complied with. Include how your recommendation meets the strategy making reference to Best Value principles if necessary]

## **12.0 Partnership Working**

12.1 [Detail any partnership working the report/proposal seeks to promote]