

# **Affordable Housing Delivery Strategy 2021-2025**

DRAFT

<b>Contents</b>	<b>Page</b>
<b>1. Introduction .....</b>	<b>3</b>
<b>2. Context.....</b>	<b>5</b>
Resource .....	6
Evidence of Affordable Housing Need.....	6
<b>3. The Objectives .....</b>	<b>9</b>
Acquisitions .....	9
Direct development.....	10
Sensitive lettings that give priority to local connection cascade. ....	10
<b>4. Resources .....</b>	<b>11</b>
Agreed finance.....	11
Commuted sums.....	11
Homes England Affordable Housing Grant Funding and other funding opportunities.....	11
Borrowing .....	11
Governance .....	12
Delivery.....	<b>Error! Bookmark not defined.</b>
<b>5. Development Strategy Affordable Housing Action Plan .....</b>	<b>13</b>

## 1. Foreword

DRAFT

## 2. Introduction

- 1.1 This strategy sets out how Selby District Council will support its ambition to increase its portfolio of housing through development and acquisition.
- 1.2 As a stock-retaining Local Authority, Selby District Council owns approximately 3,000 homes and we take pride in our strong landlord management service.
- 1.2 Delivery of this strategy and the action plan will increase our ability to meet the need for more affordable housing in the Selby district and strengthen the Housing Revenue Account.

DRAFT

### 3. Context

#### Links to other strategies and plans

3.1 Our aims for and justification for delivering affordable homes are also outlined in the following strategies and plans:

➤ The Corporate Plan

*The Council Plan 2020-2030 sets out the vision for the Council over 10 years and includes the following delivery priorities that this plan supports:*

- *Enable the delivery of increased housing supply*
- *Increase the number of affordable homes*
- *Invest in improving the quality of Selby District Council housing stock*

➤ SDC Housing Revenue Account Business Plan (HRA BP) 2020-2025

*A key document considering the financial viability of our investment in and development of new homes in the short to medium term and has the following three objectives*

- *To ensure good quality housing within the district which helps meet the needs of our local community.*
- *To provide a first-rate housing management service which makes the best use of our existing stock and listens to our tenants and leaseholders.*
- *To deliver a financially sustainable service which demonstrates value for money and ensures that investment is targeted to Council priorities.*

➤ York, North Yorkshire & East Riding Housing Strategy 2015-21

*This is an overarching wider district Strategy and includes nine housing priorities including:*

1. *Work with partners to increase the supply of good quality new housing across all tenures and locations*
2. *Ensure that the housing stock reflects the needs of urban, rural and coastal communities*
3. *Ensure that our housing stock meets the diverse needs of our population at all stages of their lives*
4. *Via policy guidance and negotiation, ensure new homes are of good design and environmental quality regardless of tenure*
5. *Continue to make best use of our existing stock and ensure that is of a decent quality to meet the needs of our communities.*
6. *Ensure all homes have a positive impact on health and well being and are affordable to run*
7. *Continue to reduce homelessness*
8. *Ensure housing is allocated fairly and on the basis of need*
9. *Provide appropriate housing and support for those with specific housing needs*

- SDC Homelessness and Rough Sleeping Strategy 2020-2025  
*Key document outlining our aim to end rough sleeping in the district and ensure sufficient effective prevention and support*
- Strategic Housing Market Assessment 2019 by Hearn Consultants  
*Outlines existing and forecasted housing demand and changing demographic throughout the district*
- North Yorkshire Empty Property Strategy & Action Plan 2017-2021  
*Outlines how we will address Empty Homes across the sub-region and in Selby district.*

### **Resource**

- 3.2 This strategy has an important role to play in taking forward the strategic objectives from our existing Housing Strategies and Development aims as funding was approved in principle in January 2018 by Executive committee to provide loan funding of up to £1,113,624 to S&DHT to facilitate the purchase of s106 properties in the District (or for the Council to consider purchasing for the Housing Revenue Account from General Fund) and outlined in the 'Housing Development Programme 2017-20'<sup>1</sup>, aiming to deliver a total of 207 units with investment of £10.3m granted in order to fund the remaining 101 units for phase 3.
- 3.3 The Housing Revenue Account Business Plan outlines our rental income previously paid by the Council to the Government has been replaced with interest only loan payments. This totals around £2.04million per annum reducing to £1.8m p.a from 2021/2022 broadly spread over 30,40 and 50 years, against an estimated rental income of £11.4m (£12.01m including the hostel and garage rent) with operational running costs of 39% (£4.6m at 2019/20).
- 3.4 The HRA BP sets out the investment requirements for the housing stock and the finances available to commit to our newbuild programme, with this strategy setting out our objectives for how we will develop and acquire Affordable Homes.
- 3.5 The Revenue Budget and Capital Programme 2020/21 and Medium-Term Financial Plan agreed in February 2019 and S106 affordable housing commuted sums.

### **Evidence of Affordable Housing Need**

- 3.6 In February 2019 the Strategic Housing Market Needs Assessment (SHMA) highlighted the requirement of affordable housing in Selby District and calculated the net need for affordable housing, including social rented housing, intermediate rented housing, and low-cost home ownership housing products for an annual need for 134 units per annum.

<sup>1</sup> <https://democracy.selby.gov.uk/documents/g284/Public%20reports%20pack%2004th-Jan-2018%2016.00%20Executive.pdf?T=10>

Agenda item 8, Report page 79 Title: Housing Development Programme 2017-20

3.7 The SHMA finds the housing need should comprise:

- Affordable rented
  - 43/44% to be 2 beds
  - 28-30% 1 beds
  - 25-27% 3 beds
  - 2% 4 beds

3.8 There is also an identified lack of supported housing in the district so consideration will be given to the possibility of building, or partnering with the County Council, to provide additional supported accommodation within the district, as outlined in our Housing Revenue Account Business Plan.

### Existing Stock owned by Selby District Council

3.9 At the end of 2019/2020 Selby District Council retained and managed 3,026 properties. Of this, less than 2% of the stock is strictly defined as 'sheltered', 19% are bedsits, flats or maisonettes, 38% are bungalows, and the remainder are houses. This stock is distributed across the Selby district, with the main concentrations being in the Council's urban settlements.

### Right to Buy

3.10 The Government's 'Right to Buy' scheme was reinvigorated between 2012 and 2014 and the maximum discount for tenants is now set at £84,200 and the amount of qualify years reduced from five to three. Whilst this increases the likelihood of our housing stock being reduced, at the same time it increases capital receipts to fund the development of new homes.

### Delivery

3.11 Affordable housing has been predominantly delivered in the Selby district through the planning process and through the use Section 106 agreements by Housing Associations.

The number of affordable housing units newly built since 2011/12, with overall completions are shown below:

<i>New build completions</i>	<i>All houses</i>	<i>Affordable housing completions*</i>	<i>% affordable against all new build completions</i>
<b>2011-12</b>	300	76	25%
<b>2012-13</b>	185	40	22%
<b>2013-14</b>	298	47	16%
<b>2014-15</b>	444	79	18%
<b>2015-16</b>	515	76	15%
<b>2016-17</b>	569	73	13%
<b>2017-18</b>	615	101	21%
<b>2018-19</b>	632	183	29%
<b>2019-20</b>			

\*Numbers of affordable housing completions ignore any commuted sum contributions for affordable housing in lieu of onsite provision, and this will reduce the percentage out turn. However, this will be compensated in future years by the development of affordable homes funded by these contributions.

**Delivery by the Council and Selby & District Housing Trust**

3.12 The Affordable Development Strategy 2013 set out how the Council intended to support the wider delivery of affordable housing through direct delivery, acquisition and affordable housing delivery vehicles for example the Council has worked with Selby District Housing Trust to delivery properties.

The total number of affordable homes delivered by the Strategy as of 31<sup>st</sup> December 2020 is:

- Empty Homes and former Council House acquisitions – 7
- New Council housing built by the Council –
- Delivered by Selby & District Housing Trust through build –
- Delivered by Selby & District Housing Trust through acquisition -

DRAFT

## 4. The Objectives

4.1 Selby District Council is committed to purchasing and building new Council Homes with the Housing, Planning and Development services underpinning these 3 delivery objectives, outlined in the HRA Business Plan, which will sustain the HRA into the future and provide additional affordable housing throughout the district:

- **Increase the supply of social and affordable homes to meet the housing need in the district through acquisition and direct development. Modelling in the SDC HRA business plan would see the Council deliver almost 600 new properties over the next 30 years.**
- **Take a planned approach to delivery which provides value for money while maximising supply to support the financial viability of the Housing Revenue Account.**
- **Commit to the Government's 'one-for-one' replacement policy, which on average would see the Council build or acquire 20 new properties a year, replacing at the current rate we lose stock through the right to buy.**

### Acquisitions

#### 4.2 S106 on-site acquisitions

The Council has an Affordable Housing Supplementary Document policy requiring developers of new build housing to provide a proportion of affordable housing on new build sites. Developers will offer S106 properties to affordable housing providers in a variety of ways. Most are competitively tendered or agreed through negotiation.

#### 4.3 Empty Homes and Right to Buy, buy backs.

Properties are purchased at market value but S106 off-site contributions (commuted sums) can be used to support the purchase of empty homes and former council housing that was sold through the right to buy.

#### The advantages of directly purchasing properties

- Properties purchased through the S106 process would be purchased at approximately % of the open market value and this would likely be a lower cost than the cost of delivery through development.
- Purchasing properties through this route would allow the Council to be more ambitious with its delivery targets.
- Properties can be purchased to meet specific housing need.
- Acquisitions of former Council properties can support the increase of available affordable housing in rural areas where land is not available for the Council to develop directly.
- The purchase of Empty Homes supports the need to make the best use of existing stock and reduces the potential for them to cause a blight on the community
- It would be complementary to any direct development

#### ACTION

**Proactively buy back where appropriate former council housing comes onto the market.**

### **Direct development**

- 4.4 Direct development is development that is undertaken by Selby District Council on land owned or acquired.
- The Council has previously developed former garage sites to provide more affordable housing. There is a risk that this method of delivery can be supply, not demand led and therefore any direct development will need to complement the acquisitions programme.
  - The Council will maximise opportunities to make use of land which is already held for housing purposes. It may also be important to explore the potential of acquiring other land.
  - The Council will pursue opportunities to acquire surplus public land as a priority from other public bodies such as the Government; the National Health Service; the Police, Fire and Ambulance Services; Ministry of Defence; etc.
- 4.5 To meet the key objectives this strategy commits to:
- The Council will always look to meet local housing need. This includes consideration of location and property and tenure type
  - We will also pay close attention to energy efficiency in new build schemes, which could include fully adapted bungalows, lifetime homes, flats, and single person accommodation, as well as more traditional family housing
  - Where garages and parking bays are to be removed, we will talk to those affected and where possible offer an alternative vacant garage nearby.
  - Where it may become necessary to decant or relocate households, they will be given priority to move, either permanently or temporarily, to suitable housing in an area of their choice. In many cases where practical, they will be offered the opportunity of returning to one of the new properties.
  - Have regard to the “Older Person's Housing and Accommodation” and commit to increase the supply of specialist housing options
  - Sensitivity to local context as Selby district is varied in its character, so new homes should embody a sense of place which is derived from local context and in terms of layout, scale, form, and materials.
  - New developments will be designed to create safe, attractive, accessible environments and where appropriate they should look for opportunities to enhance the public realm.
  - Ensuring site-appropriate tenure mix. Market rent, shared equity and private sale may be appropriate on larger sites where the inclusion of some of these units may be needed to make a scheme financially viable
  - Develop housing solutions designed specifically with rural communities in mind.

### **Sensitive lettings that give priority to local connection cascade.**

- 4.3 New lettings will be open to those registered with North Yorkshire Home Choice and we will introduce Local Lettings Plans to ensure that allocations for new Council homes are meeting local need.

### **A flexible approach to rent setting**

- 4.4 We will also continue to support a flexible approach to setting rent to ensure residents are provided genuinely affordable accommodation. This includes consideration of Social and Affordable Rent, up to 80% of market value. Decisions will be made to local context and subject to individual business cases.

## 5. Delivery of the Strategy

### Agreed finance

- 5.1 The Housing Revenue Account business plan assumes that any new build or stock acquisitions will be supported by a viable business case which will use retained Right to Buy receipts, external grant funding (where possible) and new borrowing to achieve a reasonable payback period (typically 30 to 40 years). It is assumed that any new stock will be entirely financed over their whole life from the rental income they bring.

The schemes will need to demonstrate they provide value for money through assessment. In some instances this will be greater than pure return on investment. The impact of each scheme is calculated, and the cumulative effect of the programme and acquisitions must be affordable in the context of the wider Housing Revenue Account Business Plan. Each project will need to be assessed to ensure the benefits and risks of the scheme are fully assessed.

The Business Plan outlines a total of £10 million overall has for new development and acquisitions over the period of this strategy.

The Council's existing housing development and acquisitions programme is set out in the Council's capital programme<sup>2</sup>, approved in February 2019.

### Commuted sums

- 5.2 The Council is focused on making the best use of available resources to increase housing stock in the district, and this includes drawing down Section 106 'commuted sums' collected from housing developers in lieu of on-site affordable housing provision.

### Homes England Affordable Housing Grant Funding and other funding opportunities

- 5.3 The government reaffirmed will continue to support the delivery of affordable housing and the Council will aim to utilise appropriate forms of external funding when required to finance the development or acquisition of new affordable housing throughout the district.

This could be, for example, leasing surplus Council-owned land, or funding through cross-subsidy by building for sale, or other models of affordable housing including shared ownership. Other opportunities through joint venture approaches may present themselves over the lifespan of this strategy and will be explored where they support the Council's affordable housing development programme.

### Borrowing

- 5.4 In November 2018 the HRA borrowing cap lifted for all English local authorities, bringing financial borrowing for Council homes in-line with all other local authority borrowing under prudential codes. Any additional borrowing would only be sanctioned when it is financially viable and sustainable to do so.

<sup>2</sup> <https://democracy.selby.gov.uk/documents/s4091/Council%20Budget%20Report%20Final.pdf>

**Governance**

- 5.6 The Head of Operational Services will be responsible for the delivery of the Programme and progress will be monitored through the Housing Development Board.
- 5.7 Executive Committee will take decisions necessary to implement the new build development programme and Full Council will review the development programme on an annual basis.
- 5.8 Head of Operational Services will approve the development appraisal parameters and business plan assumptions annually for the development programme. The Housing Development Team will project manage the programme.
- 5.9 Each project will need to be assessed to ensure:
- It meets the aims of this Development Strategy, and
  - The benefits and risks of the scheme are fully assessed.
- 5.10 It will rarely be possible to fully eliminate risk, although it can be assessed and managed. At a high level, the risk management of developments will be carried out by ensuring the proposals have a strategic fit with this Development Strategy.
- 5.11 The Council's corporate risk management processes will be used to mitigate detailed risk and ensure projects are progressed in a logical sequence to ensure the Council is not exposed to unnecessary risk.

**Staff Resources**

- 5.12 We recognise the need to make a long-term commitment to acquisition and development and to the resources required to be ambitious with delivery and therefore a review of the staff resources and skills required to deliver the programme will take place.
- 5.13 As the Council progresses with its development programme it will continue to add to and strengthen its internal skills and knowledge base. Investing in and developing the in-house Development team will provide the Council with officers capable of managing large-scale projects, while achieving value for money.

## 6. Development Strategy Affordable Housing Action Plan

Action	Timescale	Lead
Build the capability within the Housing Development Team to deliver a successful development and acquisition programme.	July 2021	Head of Operational Services
Review corporately all Council land ownership to identify potential housing development sites for new Council housing.	October 2021	Housing Development Officer
Consider all developments with S106 new builds to consider viability.	Commence July 2021 then Ongoing	Resource required
Establish the relationship between the Council and the S&DHT and how decisions will be made as to which vehicle is the most suitable company to deliver affordable housing to rent.	September 2021	Leadership Team and Executive
To develop a scheme assessment process to be applied to all proposed acquisitions and developments.	July 2021	Housing Development Manager
Review of 5-year development pipeline to be considered in relation to budgeted finances within HRA Business Plan and to inform the next business plan review.	October 2021	Head of Operational Services
Agree delivery for targets for Acquisition.	May 2021	Housing Development Board