

TONBRIDGE & MALLING BOROUGH COUNCIL

STRATEGIC HOUSING ADVISORY BOARD

19 May 2008

**Joint report of the Director of Health and Housing and Cabinet Member for
Housing**

Part 1- Public

**Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken
by the Cabinet Member)**

1 REVIEW OF PREFERRED PARTNERS

Summary

This report considers the performance of our Registered Social Landlord (RSL) preferred partners in the delivery of new affordable housing in the Borough and recommends extending and revising the list of partners for a further three years. The RSLs will be required to enter into a Partnership Agreement as a condition of acceptance on the list. Recent meetings with the Housing Associations liaison panel are received

1.1 Background

1.1.1 Members will recall that in 2004 the Council adopted a number of preferred RSL partners in consultation with the Housing Corporation. Preferred partnering arrangements became necessary following changes to the Government's affordable housing investment framework. The Government, through the Housing Corporation, decided to focus funding on the basis of identified regional and sub regional priorities to a select list of developing RSLs who had achieved 'partner' status with the Housing Corporation.

1.1.2 The Council recognised that following the abolition of local authority social housing grant in 2003 new ways of working would have to be considered to ensure a programme of delivering affordable homes continued in to the future. As a result, Members endorsed the adoption of a number of preferred RSL partners, selecting those with an existing local presence and who had achieved 'partner' status (or access to partner funding through consortia arrangements) with the Housing Corporation. The list of partners is:

- Russet Homes;
- Sanctuary Hereward Housing Association;
- Hyde Housing Association;

- London & Quadrant Housing Trust;
- Moat Homes Ltd;
- Orbit Housing Group Ltd;
- Southern Housing Group;
- Town and Country Housing Group; and
- West Kent Housing Association.

1.1.3 Maximising the supply of new affordable housing has remained a key priority and we are dependent on our RSL partners to achieve this. It is essential, therefore, that effective partnership arrangements are in place.

1.2 Effective Partnerships

1.2.1 The partnership arrangements have proved extremely successful in securing investment for new affordable housing. Our RSL partners have worked extremely hard to assist us to deliver new affordable homes and their efforts resulted in an additional 239 affordable homes in 2007/08. This is an excellent achievement.

1.2.2 The preferred partners entered into a partnership agreement with the Council which set out indicative development standards and nomination rights. These have been superseded by the emerging Affordable Housing Supplementary Planning Document (AHSPD). The Agreement covered the period of the Housing Strategy 2005-08 and a review will need to be undertaken following the adoption of the AHSPD.

1.2.3 It is suggested that the Partnership Agreement should contain a clause linked to performance. This would provide for RSLs to be dropped from the preferred partners list if they do not deliver over the life of the agreement.

1.3 What has been achieved to date?

1.3.1 Over the period of the three year partnership (2005-2008) a total of 369 new build rented and 123 new build shared ownership homes have been delivered with more programmed for current and future years.

1.3.2 Affordable housing is defined as social rented housing and intermediate housing (intermediate rented, shared ownership, shared equity and discounted sale). The following table summarises performance by the Council's preferred RSL partners in the delivery of new build homes over the period of the agreement:

RSL	Homes Delivered 2005-2008	Social Rent	Shared Ownership	Planned 2008/10+
Russet Homes	278	211	67	150
Sanctuary	Nil	Nil	Nil	Nil
Hyde	129	115	14	33
London & Quadrant	Nil	Nil	Nil	Nil
Moat	Nil	Nil	Nil	29
Orbit	Nil	Nil	Nil	87
Southern	40	25	15	126
Town & Country	21	18	3	69
West Kent Housing Assoc.	18	Nil	18	Nil
Total	486	369 (76%)	117 (24%)	494

(N.B. Open market affordable homes e.g. through DIYSO, Key Worker Living and Open Market HomeBuy are not included in the above table. These account for 56 units.

Dominion Housing Group (not a preferred partner) developed six shared ownership units in 2007/08 on land in their ownership.)

1.4 Miscellaneous developments

1.4.1 In addition to the formal partnership a number of other schemes are also being progressed. The following RSLs are not preferred partners but have developed new affordable housing or have been selected to deliver new affordable housing in future:

RSL	Delivery 2005-2008	Planned 2008/10+	Comments
Dominion Housing Group (Shared Ownership)	6	Nil	Grant funded under National Affordable Housing Programme 2006-2008
Guinness Partnership	Nil	250	Selected RSL for Peter's Village strategic site - 250 AH units commencing Jan-09
Housing 21	Nil	7	Selected RSL for PFI supported housing scheme, Watercross Court due to open Aug-09

1.4.2 Housing 21 already has some general needs and sheltered housing stock in the Borough and Dominion (Kelsey) has one other supported housing project in the Borough. Guinness Partnership is a new provider in this area although it has a considerable housing stock in other areas. Guinness Partnership has been selected to deliver the affordable housing at Peter's Village following a comprehensive selection process managed by Tetlow King, planning consultants on behalf of Trenport, the landowner. Given the size of this development (250 affordable homes) and Guinness' commitment to work in the borough, it is felt they should be added to the preferred RSL list. However, they currently have no

local management base and are untested locally and in Kent. It is therefore recommended that until Peters Village is underway and there is evidence of the quality of their work and ability to manage at the local level, that Guinness are not yet actively promoted for new affordable housing development opportunities.

1.5 Housing Corporation Funding Allocations

1.5.1 Members will be aware that the Government through its Regional Housing Board views west Kent as a low priority for investment when compared with other parts of the county. Notwithstanding that view, the successful partnership arrangements and positive and helpful approach to delivery shown by the Housing Corporation have been essential to delivering a successful programme over the three year period. I am pleased to report that the support provided by the Housing Corporation looks set to continue provided schemes deliver value for money (measured by grant per unit) and meet the appropriate design standards. It was previously reported to the Board that significant extra resources had been directed towards the borough during 2007/08 to fund new schemes. These additional resources are detailed in Table A and reflect this Council's focus on deliverability and the commitment of our preferred partners.

1.5.2 Table A – Social Housing Grant Allocations (Slippage from Housing Corporation Programme) 2007/08

RSL	Tenure	Scheme	No. Units	Grant
Hyde	Rent	Frantschachs	9	£300,000
Hyde	Rent	Frantschachs	17	£620,000
Hyde	Rent	Frantschachs	15	£1,200,000
Hyde	Shared Ownership	Frantschachs	10	£180,000
Russet Homes	Rent	Severn Close	10	£506,000
Russet Homes	Rent	Kings Hill	26	£1,458,000
Southern	Rent	Holborough	39	£2,800,000
Southern	Shared Ownership	Holborough	11	£275,000
Southern	Shared Ownership	Holborough	40	£1,000,000
Russet	Rent	Brionne Gardens	1	£52,500
Russet	Shared Ownership	Kings Hill	15	£330,750
Russet	Rent	Kings Hill	60	£3,129,000
Town & Country	Rent	Cattle Market	9	£445,000
Orbit	Rent	Old Cannon's Wharf	29	£1,449,212
Orbit	Shared Ownership	Old Cannon's Wharf	20	£388,600
		Total (Slippage)	311	£14,334,062

- 1.5.3 I can also advise Members that the Council's partners secured a further £1,273,500 social housing grant through the National Affordable Housing Programme 2008-2011 to fund 27 units of affordable housing. Details are shown in Table B.

Table B – National Affordable Housing Programme (NAHP) Allocations 2008-2011

RSL	Tenure	Scheme	No. Units	Grant
Orbit Housing Group	Rent	Ryarsh Brickworks	20	£1,125,000
Orbit Housing Group	Shared Ownership	Ryarsh Brickworks	7	£148,500
		Total (NAHP)	27	£1,273,500

1.6 Housing Association Member Liaison Panel Meetings

- 1.6.1 A series of liaison meetings were held during the three years of the partnership with senior representatives from the preferred RSL partners and the Housing Association Liaison Panel. These meetings were very warmly received by all parties and particularly the RSLs who stated they rarely had the opportunity of meeting with elected Members to discuss their development programme, operational matters and wider business objectives. The commitment of all partners to working with the Council to deliver other shared objectives such as improving the energy efficiency of new housing stock, reducing crime and building sustainable communities was evident.
- 1.6.2 The majority of RSLs were congratulated on their performance in delivering record levels of affordable housing in the Borough. Others were challenged on a lack of delivery and their plans to increase supply. Affordability remains a determining factor, especially in the current market, so the issue of service charges and rents on unsold equity were considered with the focus on the projected out-turn figures on completion.
- 1.6.3 Finally, discussion about the return of housing register and homelessness services to the Council were endorsed by all the partners as a good idea.

1.7 Conclusion

- 1.7.1 In an increasingly competitive environment the preferred partner arrangements have proven highly successful in leveraging in to the borough much needed social housing grant to help fund a programme of new affordable housing.
- 1.7.2 Members will note from the report on tonight's agenda concerning the South East Regional Housing Strategy that Government continues to place an increasing emphasis on the need to reduce the level of grant going in to new schemes. For the partnership to be successful in the future it is vital that the Council, in its

planning and housing negotiations, continues to strike deliverable high quality, value for money schemes with developers.

- 1.7.3 Members may also like to note that from April this year the Government has introduced a national performance indicator (NI), as part of a new suite of national performance indicators, that measures the number of affordable homes delivered.
- 1.7.4 The success of the partnership points to the need to extend it for a further three years with the inclusion of Guinness Partnership.
- 1.7.5 The existing Housing Partnership Agreement will need to be re-drafted once the AHSPD has been adopted.

1.8 Legal Implications

- 1.8.1 The Council needs to secure a sufficient supply of affordable housing to meet its statutory duties.

1.9 Financial and Value for Money Considerations

- 1.9.1 Failure to plan an ongoing programme of new affordable housing would lead to an increase in bed and breakfast and other forms of temporary accommodation which are both costly and socially unacceptable as long term housing solutions.
- 1.9.2 RSLs must adhere to strict value for money and design considerations imposed by their regulator the Housing Corporation.

1.10 Risk Assessment

- 1.10.1 Failure to secure sufficient investment in affordable housing could mean that the Council is unable to deliver its local strategic housing priorities and meet its statutory obligations to the homeless and others in housing need.

1.11 Policy Considerations

- 1.11.1 Preferred partnering arrangements are an essential part of the Council's affordable housing policy.

1.12 Recommendations

- 1.12.1 **CABINET** is **RECOMMENDED** to
- 1.12.2 **AGREE** to the continuation of the existing preferred partner arrangements for another three year period with the inclusion of Guinness Partnership (subject to paragraph 1.4.2) as an additional preferred partner;
- 1.12.3 **NOTE** that a new Housing Partnership Agreement will be produced following the adoption of the Council's Affordable Housing Supplementary Planning Document; and

1.12.4 **NOTE** that it will be a requirement of any preferred RSL partner to endorse the new Housing Partnership Agreement as a condition of remaining a preferred partner.

The Director of Health and Housing confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and Policy Framework.

Background papers:

contact: Lawrence Dey

Nil

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