

**TONBRIDGE & MALLING BOROUGH COUNCIL**

**STRATEGIC HOUSING ADVISORY BOARD**

**08 November 2010**

**Report of the Director of Health and Housing**

**Part 1- Public**

**Matters for Information**

**1 STRATEGY AND ENABLING UPDATE**

**Summary**

**This report updates Members on the progress being made by the Council's Registered Social Landlord (RSL) partners in providing new affordable housing in the Borough, and summarises the programmes for 2009/10 to 2011/12. The report goes on to describe the progress on housing strategy matters.**

- 1.1.1 The effective negotiation, planning and delivery of affordable housing forms one of the key priorities of the Council's housing service. Allied to this is the need to track and monitor the progress of RSLs in delivering new schemes. Failure to secure a steady supply of new homes has a direct knock-on effect on the levels of homeless households placed in temporary accommodation or bed and breakfast. Members will be aware that the Council is under a duty not to house homeless families with children in bed and breakfast except in an emergency, and then for a period not exceeding six weeks.
- 1.1.2 While we are dependent on our partners to ensure timely delivery of new housing, the Council also has a role to play in tracking performance. This is important to ensure that any difficulties arising on new schemes are highlighted early on and corrective action taken.
- 1.1.3 Set out at **[Annex 1]** is a monitoring spreadsheet showing the completed schemes in the year to date and the development programme to 2011/12. The table identifies:
- the scheme address;
  - RSL provider;
  - start on site (SoS);
  - total number of units to be provided (rent and/or shared ownership);
  - detailed split of rent and shared ownership units;

- expected date of completion; and
- information on progress.

1.1.4 Members should be aware that details on some schemes may alter where planning permission has yet to be secured. The number of units to be provided is therefore an indicative figure for strategic purposes, pending confirmation of final scheme details. As new schemes come forward these will be also be added to the schedule.

#### 1.1.5 **Draft Local Investment Plan**

1.1.6 The Council has continued to engage with our west Kent partners in creating the draft Local Investment Plan (LIP). The progress to date along with the next steps are detailed in separate paper to this Board.

#### 1.1.7 **The Kent and Medway Housing Strategy**

1.1.8 An update on the progress of the Kent and Medway Housing Strategy is contained in a separate paper to this Board.

#### 1.1.9 **HCA funding allocations Continuous Market Engagement**

1.1.10 Members will be aware that the Homes & Communities Agency moved to a system of Continuous Market Engagement (CME) for bids under the National Affordable Housing Programme (NAHP).

1.1.11 The Council is delighted to announce a very successful recent round of bids to the HCA from our Preferred RSL Partners, in what is a very challenging funding climate, totalling over £9m in grant to build 156 homes.

Table 1 – Continuous Market Engagement Allocations

<b>RSL</b>	<b>Tenure</b>	<b>Scheme</b>	<b>No. Units</b>	<b>Grant</b>	<b>Bid Date</b>
Russet Homes	Social Rent	Leybourne Grange	25	£1,500,000	October 2010
Russet Homes	Intermediate	Leybourne Grange	22	£550,000	October 2010
Russet Homes	Intermediate	East Malling School	5	£100,000	August 2010
Russet Homes	Social Rent	Kings Hill	9	£540,000	August 2010
Russet Homes	Intermediate	Kings Hill	10	£250,000	August 2010
Southern Housing	Social Rent	Holborough Valley	85	£ 6,120,000	August 2010

This is in addition to the grant funding already secured by Town and Country Housing Group for the 92 units at Ashby's Yard, Tonbridge.

#### 1.1.12 **Holborough Valley**

1.1.13 Southern Housing Group has recently received an allocation of over £6.1m from the HCA for 85 new homes in Phase 5 for social rent at Holborough Valley in Snodland. This will conclude the social housing for this scheme under the existing S106.

#### 1.1.14 **Russet Homes Allocations**

1.1.15 Members will be please to hear that Russet Homes have successfully bid for the continuing phases of both the Kings Hill and Leybourne Grange schemes, as well as the new development in East Malling, a total of 71 homes.

#### 1.1.16 **Young Persons Scheme Update**

1.1.17 The construction of the Young Persons Scheme in Tonbridge is progressing well on site, with completion targeted of late spring 2011. The tender process for the support provider for this scheme has also now concluded, with a healthy number of interested organisations coming forward.

1.1.18 The selection of the support provider is within the remit of the Supporting People team at KCC, who have used a new electronic system to orchestrate the wider tender process. Unfortunately this has not been without its complications, and it would seem the learning curve has been steep. The Council is aware there have been problems relating to the system's ability to accurately reflect support providers queries to KCC in relation to live tenders, and then feed the appropriate answers back again.

1.1.19 Members can be assured that your officers have been fully committed to assisting this valuable scheme in every way possible, including providing further information about the operational nature of the scheme to interested parties where possible and when asked to do so. KCC are also committed to learning from this process to improve the tender process for future schemes.

#### 1.1.20 **Comprehensive Spending Review**

1.1.21 The Governments October Comprehensive Spending Review contained several announcements that impact upon housing. The core elements include a programme to deliver up to 150,000 new affordable homes across the next spending review, reforming the Council Housing finance system so local authorities have greater control over their own finances, and reforming the planning system and introducing a "New Homes Bonus" to support economic growth and increase housing supply.

- 1.1.22 Much of the detail of these announcements is absent at this time, and Members will be updated in subsequent reports to this Board. The impacts of the changes to the likely grant levels received are described in more detail within the “West Kent Local Investment Plan” report to this Board.
- 1.1.23 The Minister for Housing and Local Government Grant Shapps recently wrote to local authorities outlining the forthcoming changes to housing policy, as well as the rationale behind some of the reductions on funding moving forward.
- 1.1.24 The Minister describes a £6.5 billion budget for housing for the next period of the spending review, which includes £4.5 billion for the National Affordable Housing Program, £200 million for the Mortgage Rescue Scheme, and £100 to bring empty properties back into use. The letter also discusses the Government’s wish to devolve power to local people and stimulate increased private sector investment, but the details of the operational nature of this approach are not yet available. The HCA are described as becoming “a much smaller investment and enabling agency, tasked with working more closely with Local Authorities”.
- 1.1.25 From April 2011 a “New Homes Bonus” will be introduced, which is meant as a fiscal incentive for local authorities to deliver more homes. This works by match funding (from a budget of £900m) the Council Tax on every new home provided for the subsequent six years. Given the relatively small amount of additional monies this will generate (estimated at £7000 for every home), it is unclear how persuasive this will be in stimulating extra provision overall.
- 1.1.26 The letter recognises that different households have different needs, and not all families will need “a tenancy for life”. The Government will look to promote and fund “homes for affordable rent”, with the aspiration to give local authorities and housing associations a wider range of options for meeting the challenges different families face. The details are not known at this time but this tenure is aimed at allowing greater flexibility, focusing support on those in greatest need for as long as they need it.
- 1.1.27 It may be likely that that a move to “homes for affordable rent” will lead to many more intermediate rent homes to be built, which often have rents around 80 percent of the local open market rents. This will enable a housing association (or other Registered Provider) to raise a higher proportion of the capital costs of construction for a unit, at a time when viability concerns stop many developments for social housing progressing. There are many aspects that remain unclear in relation to this new tenure, not at least of which is whether those in receipt of benefits will be able to access the homes it produces.
- 1.1.28 **Low Cost Home Ownership Initiatives**
- 1.1.29 The Homebuy Agent Moat can provide a report for Tonbridge & Malling, as shown in Table 2 below.

- 1.1.30 For the last quarter (July to September 2010) Members will see that the level of interest in low cost home ownership initiatives remains high, compared to the actual number of sales, which remain low compared to previous years. This reflects the downturn in the housing market and wider economy.

Table 2 – TMBC Homebuy Statistics Quarter 2 July – September 2010

<b>LCHO Product</b>	<b>No. Households</b>
Number of Enquiries	126
Number of Applications	109
Homebuy Direct Sales	0
First Time Buyers Initiative Sales	8
Newbuild Homebuy Sales	2
Resales	3

## **1.2 Legal Implications**

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

## **1.3 Financial and Value for Money Considerations**

- 1.3.1 The National Affordable Housing Programme is the means by which public subsidy is secured for the delivery of affordable housing. RSLs must adhere to strict value for money and design considerations imposed by the HCA.

## **1.4 Risk Assessment**

- 1.4.1 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.

Background papers:

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Nil

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