

PERTH AND KINROSS COUNCIL**Enterprise & Infrastructure Committee****11 January 2017****Application for the use of affordable housing developer contribution commuted sums****Report by Director (Environment)**

This report details the application for the use of £471,500 of affordable housing developer contribution commuted sums from the Strathmore & the Glens Housing Market Area fund to support an affordable housing development of 71 units. This would be for Blackthorn Place, Blairgowrie and would enable a site start in 2017.

1. BACKGROUND / MAIN ISSUES

- 1.1 A comprehensive affordable housing policy was approved by the Enterprise & Infrastructure Committee on 24 August 2005 (Report No. 05/508 refers). Subsequent to this, an Affordable Housing Guide was produced. The Enterprise & Infrastructure Committee agreed on 29 August 2007 (Report No. 07/551 refers) that this would be adopted as additional guidance on the interpretation and implementation of the affordable housing policy.
- 1.2 The Enterprise & Infrastructure Committee on 17 January 2007 (Report No. 07/72 refers) agreed to delegate powers to the Executive Director (Environment) to approve grants to meet the need for affordable housing as outlined in the report, up to a maximum of £200,000 per site. Where a grant application submitted by an RSL is for over £200,000, the power to approve these applications lies with the Enterprise & Infrastructure Committee.
- 1.3 The Committee agreed that commuted sums collected in accordance with the affordable housing policy will be spent either in addressing the need for affordable housing through development or in assisting in the implementation of the affordable housing policy. The Committee further agreed a number of specific uses for commuted sums. These are used as a basis for setting out the criteria against which applications for funding from the commuted sums account will be assessed.

Criteria for assessing applications for funding

- 1.4 Applications for funding should meet at least one of the following criteria:
 - To enable a Registered Social Landlord (RSL) to purchase a higher percentage of a site than that required by the Affordable Housing policy, in order to increase the number of affordable houses that would otherwise be provided on the site

- To enable an RSL to compete with the private sector to acquire a whole site for affordable housing
- To support an RSL in meeting previously unidentified exceptional infrastructure costs or development costs associated with developing the site, for example drainage works, roads infrastructure, or decontamination works (costs must be unexpected – this criterion will not serve as a substitute for the exercising of due diligence in site investigations)
- To support an RSL in meeting known and exceptional infrastructure or development costs associated with a site in order to enable the RSL to purchase the site for affordable housing. However, the Council's agreement must be confirmed in writing before an offer is made to purchase the site.

1.5 This list is not exhaustive and proposals for funding which are outwith the criteria above will be considered against the following:

- whether the proposal addresses a need for affordable housing; or
- whether the proposal assists in the implementation of the affordable housing policy

1.6 In the majority of cases, applications for grant aid from commuted sums will require to be submitted and approved prior to site purchase or the commencement of development on site.

1.7 Applications for commuted sums are assessed in consultation with Housing & Community Safety and the following factors are taken into account:

- Whether the affordable housing could be delivered without subsidy from the commuted sum fund
- Need for affordable housing in the area – both the settlement and the wider Housing Market Area (HMA)
- Whether enough commuted sums have been collected in the HMA to cover the amount sought in the application
- Whether the proposal delivers value for money – as a guide the amount sought per plot in the application should not exceed the value of the commuted sum for the HMA. This is to ensure, as far as possible, that for each commuted sum paid by a developer in lieu of affordable provision on site, an affordable house is provided elsewhere in the HMA.

2. PROPOSALS

2.1 Hillcrest Housing Association has submitted a grant application for £471,500 from the affordable housing developer contributions fund.

2.2 This grant is to aid the full development of 71 affordable houses and it is confirmed that this would enable all of the dwellings to be delivered as social rented units.

- 2.3 The criteria against which this application has been assessed is outwith the main criteria as described earlier. As such, the assessment is based on whether the proposal addresses a priority need for affordable housing. The proposal does meet a priority need in the Strathmore & the Glens HMA. In addition, the proposal can not be delivered for the Council's priority social rent tenure without the use of the commuted sums.
- 2.4 The Strathmore & the Glens Housing Market Area (HMA) commuted sums fund currently has circa £499,878 available to spend on the delivery of affordable housing. Therefore, it is confirmed there are sufficient funds in the HMA to enable this proposal.

Justification for funding

- 2.5 Blairgowrie has a high affordable housing need. Details from Housing & Community Safety evidence is that there is significant demand for social rented units with in the region of 216 applicants (with Blairgowrie as their first area of choice) on the waiting list and only 15 available lets in the past year. This pressure ratio of 13.5 confirms the need for affordable housing, and specifically social rented units, to meet some of the housing need in Blairgowrie.
- 2.6 The Scottish Government's policy document 'Homes Fit for the 21st Century', together with its 'Strategy and Action Plan for Housing in the next Decade: 2011-2020' highlighted that new ways need to be found to provide affordable housing with reduced Scottish Government funding. Despite Scottish Government grant funding for affordable housing having been increased this year, there is still a shortfall here in funding for the RSL to develop social rented housing. This has made it necessary for additional funding to be found to enable the projects identified as meeting a priority need for the Council to be developed.
- 2.7 The additional £6,640 per unit is felt to be reasonable in order to enable the RSL to keep the rents at the level required for social rent tenure. Without the funding, it would be necessary for the RSL to increase rents to mid market rent tenure level in order to finance the full cost of borrowing for the construction of the units. The use of this funding, therefore, facilitates the units to be delivered as social rented tenure, which is the Council's priority housing need.

Date funds are to be payable

- 2.8 The funds will be required to be transferred to Hillcrest Housing Association in March 2017. This corresponds with the Council's Strategic Housing Investment Plan (SHIP) and the Housing Association Grant (HAG) funding, which will be paid by the Scottish Government to the project.

3. CONCLUSION AND RECOMMENDATION

- 3.1 It is recommended that the Committee approves the application for grant funding from the affordable housing developer contributions fund to provide additional affordable housing within Strathmore & the Glens HMA.

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Approved

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	None
Workforce	None
Asset Management (land, property, IST)	None
Assessments	
Equality Impact Assessment	None
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	None
Risk	None
Consultation	
Internal	Yes
External	None
Communication	
Communications Plan	None

1. Strategic Implications

Community Plan / Single Outcome Agreement

1.1 The Perth and Kinross Community Planning Partnership (CPP) brings together organisations to plan and deliver services for the people of Perth and Kinross. Together the CPP has developed the Perth and Kinross Community Plan which outlines the key things we think are important for Perth and Kinross.

- (i) Giving every child the best start in life
- (ii) Developing educated, responsible and informed citizens
- (iii) Promoting a prosperous, inclusive and sustainable economy
- (iv) Supporting people to lead independent, healthy and active lives
- (v) Creating a safe and sustainable place for future generations

Corporate Plan

1.2 It is considered that the strategy and related actions will contribute to the following objectives:

- (iii) Promoting a prosperous, inclusive and sustainable economy; and
- (v) Creating a safe and sustainable place for future generations.

2. Resource Implications

Financial

- 2.1 The recommend grant payment of £471,500 to Hillcrest Housing Association can be met from the Developer Contributions (Affordable Housing) earmarked reserve.

3. Assessments

Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties. The Equality Impact Assessment undertaken in relation to this report can be viewed clicking [here](#).
- 3.2 This section should reflect that the proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:
- (i) Assessed as **not relevant** for the purposes of EqIA

Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.4 This section should reflect that the proposals have been considered under the Act and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

Sustainability

- 3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. Under the Climate Change (Scotland) Act 2009 the Council also has a duty relating to climate change and, in exercising its functions must act:
- in the way best calculated to delivery of the Act's emissions reduction targets;
 - in the way best calculated to deliver any statutory adaptation programmes; and
 - in a way that it considers most sustainable.

- 3.6 The proposal contained within the report are assessed to have a positive impact on sustainability, particularly with regard to delivering transport infrastructure including Park and Ride thus encouraging sustainable modes of transport.

Legal and Governance

- 3.7 The Head of Legal and Governance has been consulted and no legal implications have been identified.

Risk

- 3.8 None.

4. Consultation

Internal

- 4.1 The Head of Legal and Governance, the Head of Finance and the Head of Democratic Services have been consulted on the preparation of this report.

5. Communication

- 5.1 None.

2. BACKGROUND PAPERS

- 2.1 The following background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (and not containing confidential or exempt information) were relied on to a material extent in preparing the above report:

- Report to Enterprise & Infrastructure Committee 24 August 2005 – Affordable Housing Policy (Art: 05/508)
- Report to Enterprise & Infrastructure Committee 17 January 2007 – Affordable Housing Developer Contributions (Art: 07/72)
- Report to Enterprise & Infrastructure Committee 29 August 2007 – Affordable Housing Guide (Art: 07/551)
- Perth & Kinross Council Developer Contributions and Affordable Housing April 2016

3. APPENDICES

- 3.1 None.