

FAREHAM

BOROUGH COUNCIL

Report to Health and Housing Policy Development Review Panel

Date **17 July 2014**

Report of: **Director of Community**

Subject: **AFFORDABLE HOUSING PROGRAMME 2015 - 2018**

SUMMARY

This Council has a corporate objective to enable the delivery of 500 new affordable homes by 2017.

In January 2014 the Homes and Communities Agency (HCA) announced the bidding criteria for the new Affordable Homes Programme to support the delivery of new affordable homes up to 2018. The deadline for applications was 30th April 2014.

With approval from the Executive the Council has bid for funding to help support the delivery of 4 new housing schemes which collectively will provide circa 65 new homes. Appropriate budgets have also been set for the 'firm' schemes included in the bid.

This report provides sets out the nature of the Council's bid and provides an update of the schemes included.

RECOMMENDATION

That the Panel acknowledges;

- The decisions taken by the Executive in April 14 to set budgets for all 'firm' schemes
- The nature of the bid which has been submitted to the HCA and the commitments that will be entered into should the bid be successful
- The current status of the Council's Affordable Housing Programme.

INTRODUCTION

1. The Council has a corporate objective to enable the provision of 500 new affordable homes by 2017. In addition to enabling new housing through planning policy and working in partnership with local Registered Providers, the Council has also started to build new homes to increase and renew its existing housing stock. Over the past two years, 5 general purpose homes have been completed and a new 40 unit scheme for older people (Collingwood Court) is due for completion in early 2015.
2. Proposals have been drawn up for four new affordable housing schemes, which collectively will provide 65 new homes for rent, catering for a range of housing need.
3. The majority of funding required to build the new homes will need to be met from the Council's Housing Revenue Account. However, the Homes and Communities Agency (HCA) has recently announced a new Affordable Homes Programme to help fund development between 2015 and 2018. The Council is eligible to apply for this funding and with the approval of the Executive a bid has been made through the Wayfarer Partnership. This is a consortium of local housing providers which the Council joined in 2013. The deadline for applying for funding was 30th April 2014 and it is expected that the outcome of the bids will be announced towards the end of July 2014.
4. This report provides details of the housing schemes included in the bid. The majority are schemes for which detailed proposals have been prepared and are referred to in the bid as 'firm' schemes. The HCA also invited bids for 'indicative' schemes (i.e. those where proposals are still being worked on). The Council has applied for funding to support three 'firm' schemes and one 'indicative' scheme. There is also the potential to apply for funding for other schemes as these come forward through a process the HCA refers to as Continuous Market Engagement (CME) but the details this process have not yet been published.

FIRM SCHEMES

5. The Council has prepared detailed proposals for three separate housing schemes. For each scheme planning permission has either been secured already or is in the process of being secured. Once built the developments will achieve a net gain of 58 new Council owned affordable homes for rent.
6. If the bid for funding is successful the Council will need to comply with the timeframes detailed herein to ensure the funding is secured. All other details included in the bid will also need to be complied to, including unit size, type, tenure, build cost and proposed rent levels.
7. The three firm schemes are:
 - Palmerston Avenue – 16 x 1 bedroom flats in central Fareham
 - Coldeast Close – 6 highly energy efficient family homes in Sarisbury
 - Coldeast Sheltered Scheme – 36 older person's flats in Park Gate

Palmerston Avenue

8. The Council owns a small parcel of land adjoining the shopping centre at the bottom of

Palmerston Avenue. A report was submitted to the Executive in June 2013 detailing proposals to develop 16 x 1 bedroom apartments. The Executive approved a budget of £1,600,000 for the scheme to be built. Unfortunately planning permission was not secured as the scheme was perceived to suffer from insufficient parking.

9. Revised proposals have been drafted which improve the design and achieve planning policy compliant parking provision on site. Close consultation has taken place with planning officers throughout the re-design process and an application for planning permission has been submitted.
10. The revised design, combined with increases to current build cost trends has resulted in the need to increase the budget for this development by £250,000, bringing the projected total capital development cost to £1,850,000. The Executive have approved the revised budget and the development is forecast to commence in autumn 2014.
11. A successful bid to the HCA would help to subsidise development costs. A sum of £320,000 has been applied for.

Coldeast Sheltered Scheme, Park Gate

12. As part of the planning negotiations for the Coldeast Hospital development land was secured by the Council to provide a new sheltered housing scheme.
13. Outline approval was granted in 2011 which showed provision of 40 self-contained flats with associated communal spaces. Unfortunately if built the outline proposal would have presented a number of challenges and resulted in a low quality housing scheme. The proposals have therefore been revised significantly which take a fundamentally different approach to the buildings position and design.
14. A detailed planning application was granted full approval In April 2014 to construct a 36 unit scheme providing a mixture of 1 bedroom and 2 bedroom flats. Each unit will provide modern, high quality accommodation with good internal spaces and private balconies. All residents will have access to communal living spaces including, lounge, gardens, washing facilities and mobility scooter store.
15. The approved budget is £5,500,000 and building is forecast to commence in spring 2015. A bid has been made to the HCA requesting funding of £720,000. It is important to note that as the development will take place on land secured at nil cost to the Council via planning negotiation, the HCA may decline to provide additional funding.

Coldeast Close, Sarisbury

16. By purchasing 2 family homes in Coldeast Close the Council secured developable land suitable for 6 x 2 bedroom houses. A planning application has been submitted to build a row of 'Passivhaus' homes. These are highly energy efficient homes which utilise solar gain and high levels of thermal insulation to minimise the requirement for external sources of heating. The design and building processes require meticulous attention to detail and as such present certain challenges.
17. If built these will be the first certified Passivhaus homes in the area. As the Welborne plan requires a percentage of all new homes to be Passivhaus standard, this

development will be an exemplar to inform future development of the new community.

18. The budget approved to fund this development is £854,000. Due to the unknown nature of this development there is an increased level of contingency included in our cost projections. The scheme is forecast to commence in spring 2015.
19. A successful bid to the HCA for grant funding would help to subsidise development costs and a bid of £120,000 has been applied for.

INDICATIVE SCHEMES

20. The requirements for bidding for indicative schemes are more flexible than with firm schemes as it is acknowledged the proposals are at a much earlier stage and could be subject to change. Consequently the HCA limited the proportion of 'indicative' schemes that could be submitted. The Council included one indicative scheme into the bid to the 2015 -2018 programme.

123 Bridge Road, Park Gate

21. The Council recently purchased 123 Bridge Road, Sarisbury from the HCA. The existing dwelling and the associated grounds provide an opportunity for residential development. An architect has been appointed and is in the process of working up detailed proposals. At this stage it is understood the site may be able to accommodate up to 7 new homes subject to planning approval.
22. The site has been included as an 'indicative' scheme in the Council's bid for funding via the Affordable Homes Programme 2015-2018. £140,000 has been applied for however it is important to acknowledge that as the HCA have already contributed to financing this scheme, by paying for development consultancy services up to planning permission, that their appetite to provide additional funding may be limited. The Executive has not yet been asked to set a budget to bring this scheme forward.

WORKING IN PARTNERSHIP

23. In the autumn of 2013, the Council joined the Wayfarer Partnership as a provisional member. This is a housing development consortium of local Registered Providers led by Radian Housing Association. Other members include First Wessex, Greenoak Housing Association, Havant Housing Association, Petersfield Housing Association, Raven Housing Trust, Rosemary Simmons Housing Trust, and Southampton City Council. There are a number of advantages to being part of the Partnership, which help to streamline procurement processes and ensure good value for money when appointing services from Architects, Surveyors and Building Contractors. The Partnership works collaboratively when bidding for funding from the HCA. This affords its members greater influence and flexibility than could otherwise be assured when working independently.

FINANCIAL IMPLICATIONS

24. The cost of delivering the three firm schemes is currently projected to be £8,204,000. This can be funded from the Council's Housing Revenue Account, but will consume the bulk of the head room within the existing HRA borrowing cap and until replenished,

will restrict the Council's ability to build new homes in the future. Therefore it is important for the Council to apply for HCA grant funding and to continue to lobby central government for the HRA borrowing cap to be lifted in order to help fund future delivery of affordable housing.

25. All new homes built in this programme will be let on an Affordable Rent. This is where rents are set at up to 80% of the open market rental value having regard to the Local Housing Allowance. The Council has the option to seek approval from the HCA to convert a proportion of existing properties over to this more expensive form of tenure. However, whilst doing so would increase the rental income to the Council it would also reduce the number of homes available at Social Rents and could result in neighbours renting identical properties from the Council paying significantly different rents. This would have an impact upon the overall balance of Borough's affordable housing stock and as such there are no proposals to introduce rent conversions at this time.

CONCLUSION

26. The Council has drafted proposals for the development of 58 units of accommodation to meet a range of housing needs. One smaller scheme is also in the pipeline with all units expected to come forward between 2015 and 2018. Collectively the sites form the bulk of the Council's development programme up to 2018 and will help to meet one of the Council's corporate priorities.

27. A bid totalling £1,280,000 has been made to the HCA via the Affordable Homes Programme 2015 -2018 which if awarded will be used to support the proposed developments and result in their being greater capacity for the Council to fund further development.

Background Papers:

Report to the Executive 7th April 2014: Proposed Affordable Housing Programme 2015 - 2018

Reference Papers:

Homes and Communities Agency - Affordable Homes Programme 2015 – 2018 Prospectus (January 2014).

Appendices:

A: Site location of Palmerston Avenue and architects impression of proposed flats at Palmerston Avenue.

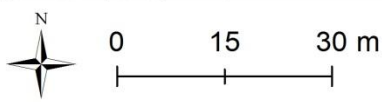
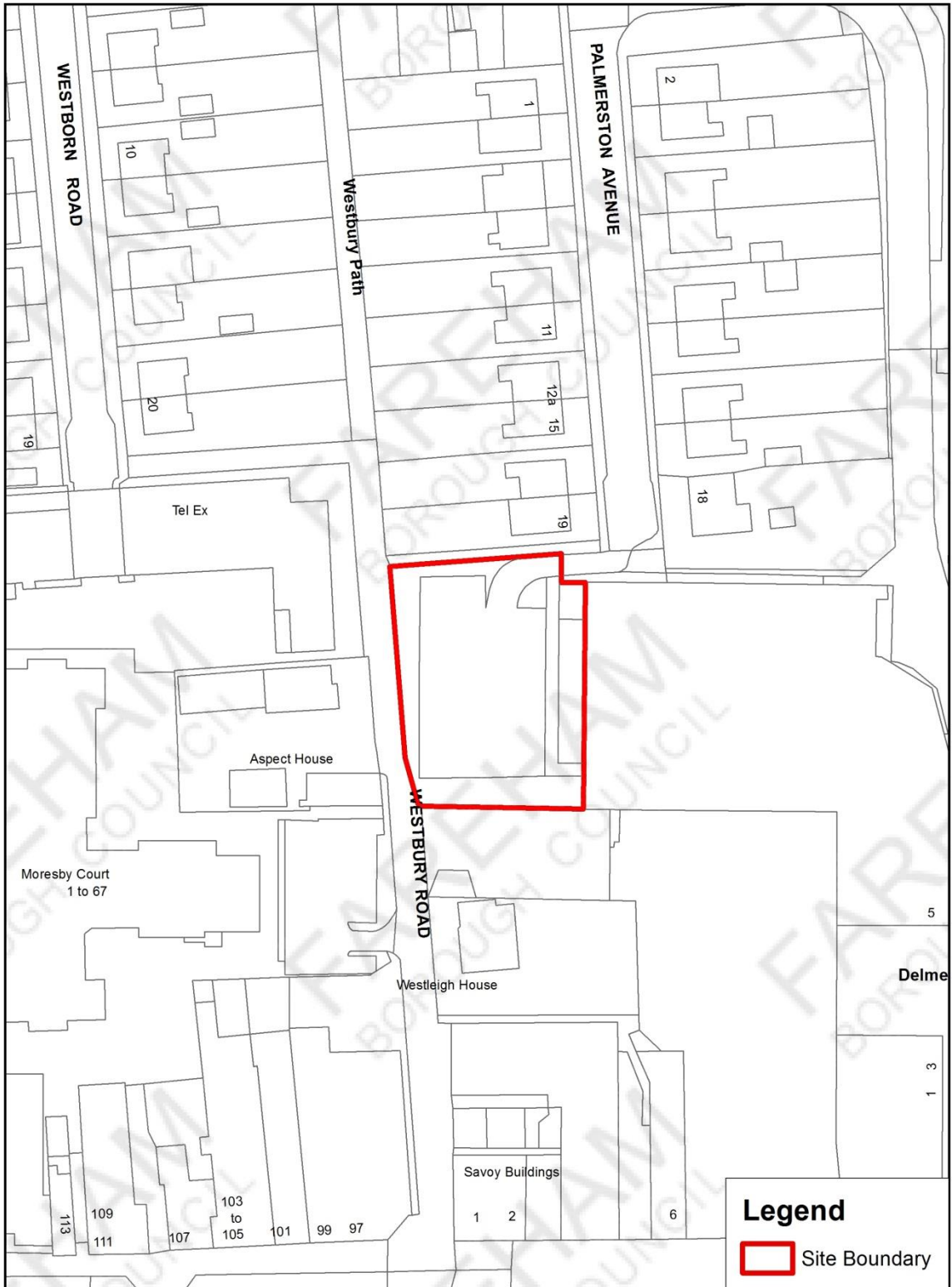
B: Site location of Coldeast sheltered housing scheme and architects impression of proposed sheltered housing scheme.

C: Site location of Coldeast Close and architects impression of proposed 'Passivhaus' scheme at Coldeast Close.

Enquiries:

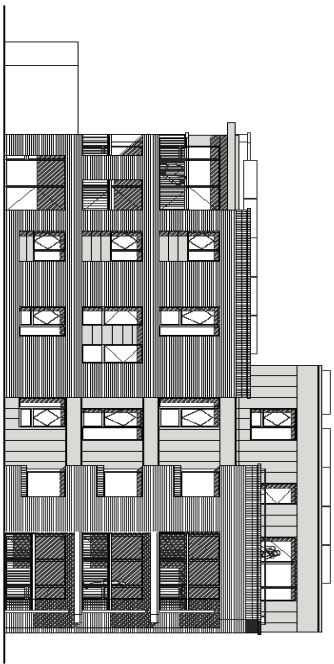
For further information on this report please contact Edward Till. (Ext 4489)

**APPENDIX A
PALMERSTON AVENUE**



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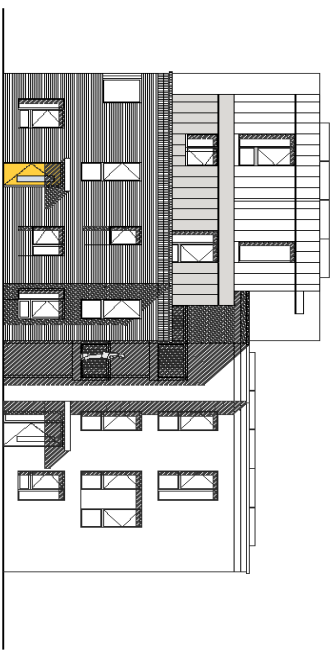
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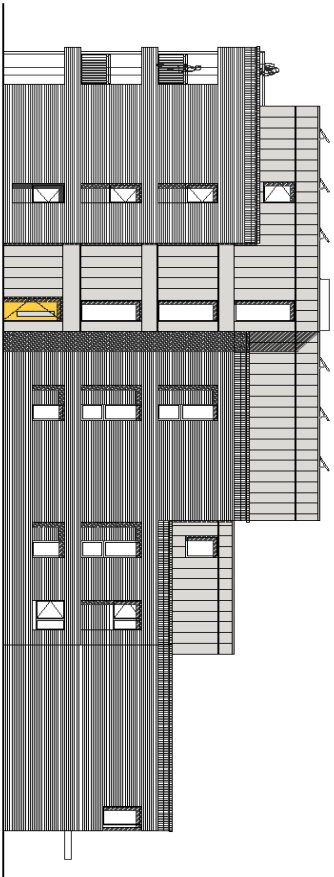
PROPOSED SOUTH ELEVATION



PROPOSED WEST ELEVATION



PROPOSED NORTH ELEVATION



PROPOSED EAST ELEVATION

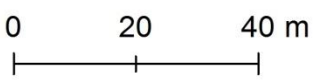
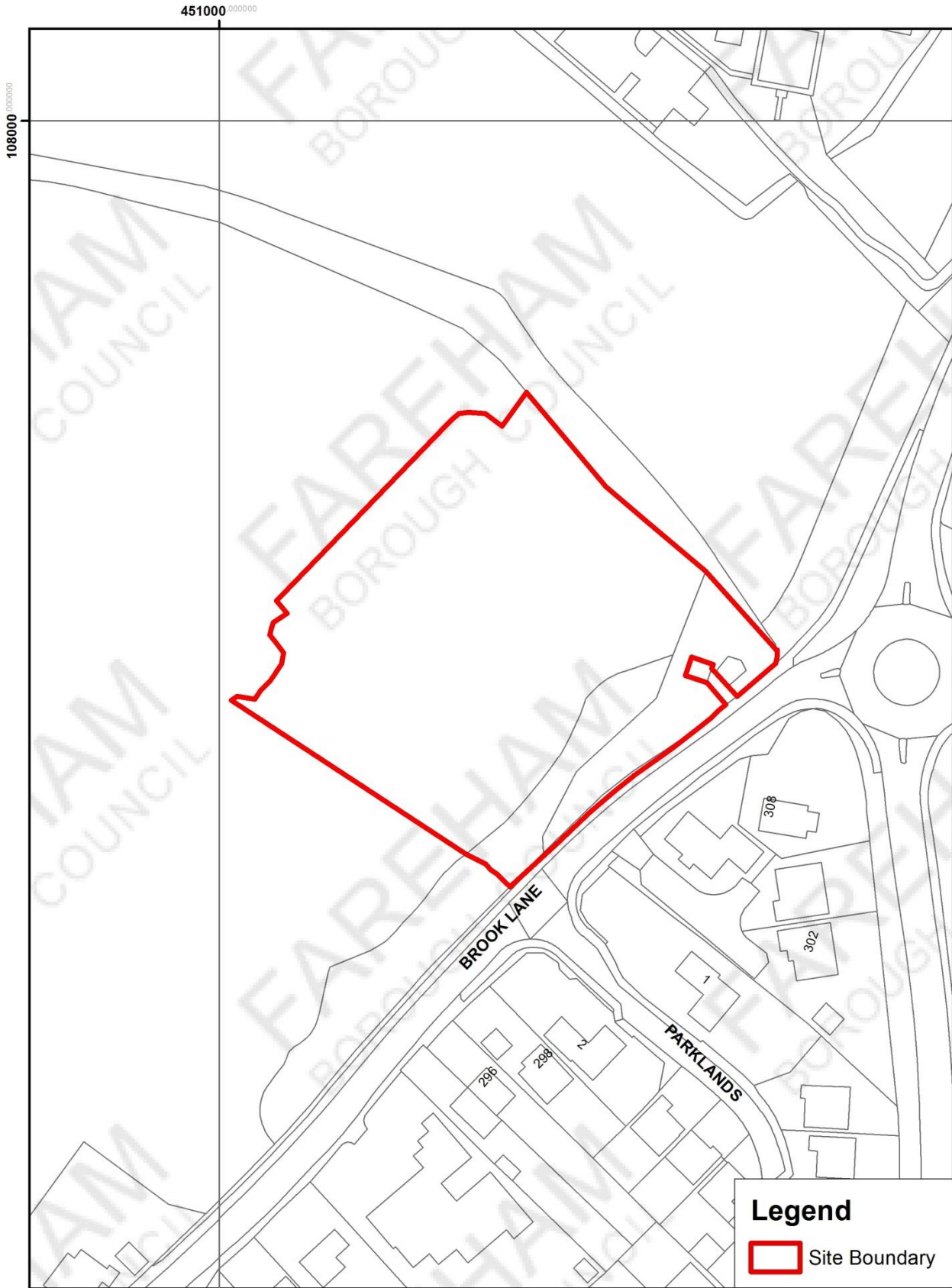
RESIDENTIAL REDEVELOPMENT
 PALMERSTON AVENUE
 FAREHAM
 FAREHAM BOROUGH COUNCIL

Project & Drawing title
PROPOSED ELEVATIONS
 Project No: 2020/11
 Drawing No: 06
 Date: 13-08-20
 Scale: A3
 Author: [Name]
 Checker: [Name]
 Date: [Date]
 Status: PRELIMINARY DRAWING

Issue 1 (Rev 1) - Residential Elevation
 Approved for Construction
 Approved for Construction
 Approved for Construction
 Approved for Construction
 Approved for Construction



**APPENDIX B
COLDEAST SHELTERED HOUSING SCHEME**

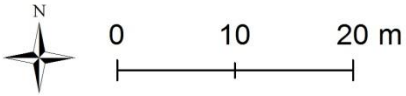
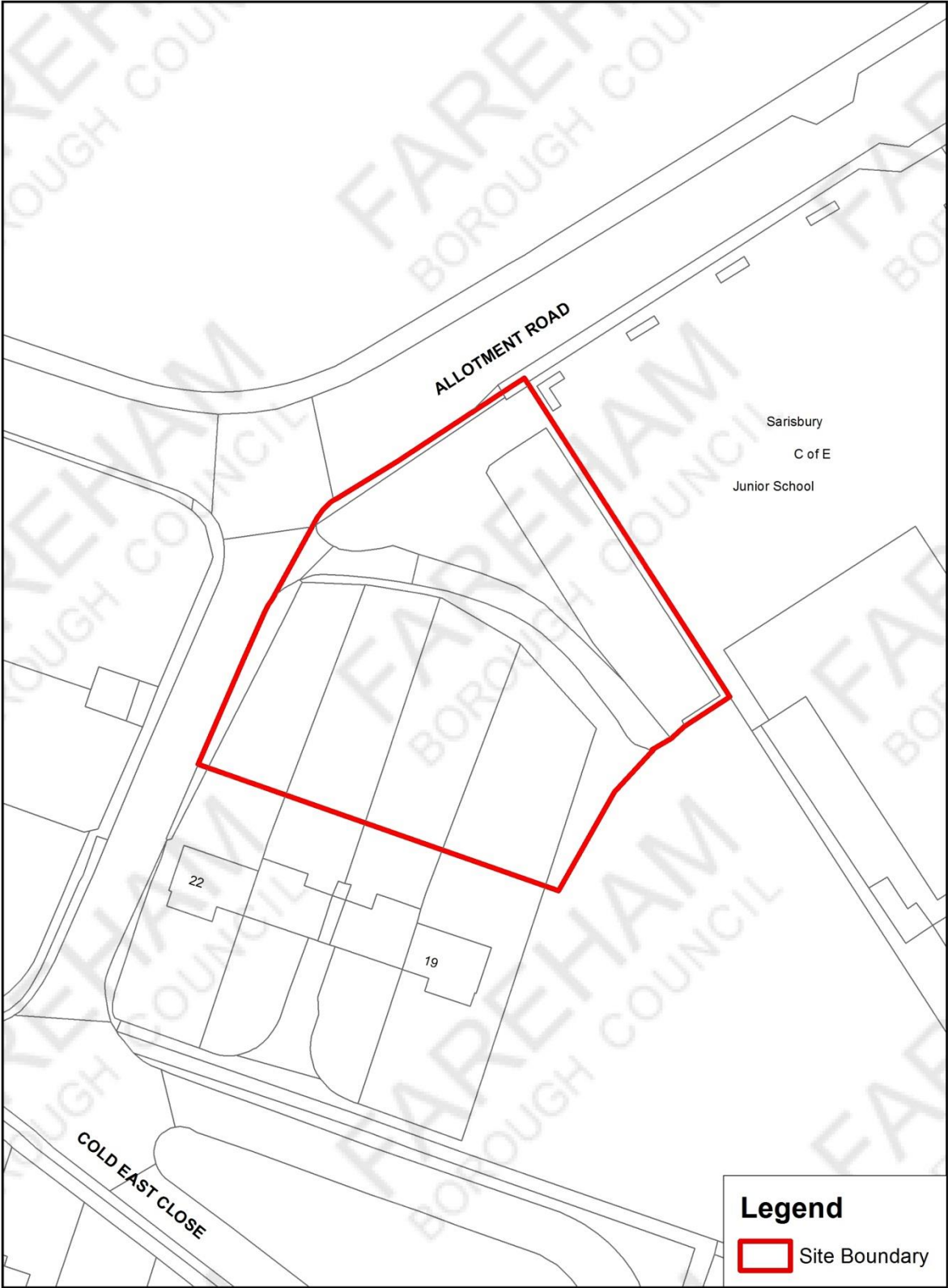


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**APPENDIX C
COLDEAST CLOSE PASSIVHAUS**



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