

Internal Memo

To: Rebecca Collins

From: John Conway, Head of Housing

Copy to: Peter Chaplin

Your Ref: KET/2012/0228

Our Ref: KET/2012/0228 Housing

Date: 28th January 2013

Ext: 4288

Housing Supporting Statement for Land off Diana Way, Burton Latimer

Background

Keyways currently has 2.984 registered applicants seeking accommodation in the Borough. 58% of these households are in Bands A-C. The number of applicants registered is steadily increasing and far outweighs the number of new homes becoming available each year (both through relets and new build). In 2011/12 each advertised property received on average 38 bids thus highlighting the significant need for new homes.

Aside from Dryden Street (a 100% affordable housing scheme granted planning last year and due to start on site this year) and larger private developments with planning permission that are on site already we have no other guaranteed completions of affordable housing in 2013/14 and beyond at present. We are therefore working hard with landowners, developers and Registered Providers to try and continue enabling affordable housing development to happen.

Affordable Housing in the Borough

Kettering Borough Council has historically been very successful in the delivery of affordable homes, predominantly (although not exclusively) with Registered Providers who have secured funding from the Homes and Communities Agency. During the last 5 years we were one of the highest recipients of Government grant funding for affordable housing in the East Midlands, second only behind Northampton for the period 2008-11. During this National Affordable Housing Programme (NAHP) period we delivered the 4th highest amount of grant funded homes in the East Midlands.

Since 2011 the way in which affordable housing has been funded has changed, as has the tenure being funded. The Governments Affordable Homes Programme (AHP 2011-15) has resulted in a significant reduction in grant available generally, and the average grant per unit available has dropped from around £60k to £21k per unit. In

the main the only tenure being funded this way is Affordable Rent (rents at up to 80% of market value). Our Registered Provider partners operating under this new framework now have less funding and less capacity to develop thus more than ever are being selective about which areas they wish to work in and what types of sites they will deliver. Windfall sites (our 'bread and butter' in terms of delivery) will be more and more difficult to stack up financially. The HCA has continuously stressed that Local Authorities must make themselves attractive places for Providers to want to continue to develop in.

We are now seeing the delivery of new affordable homes slowing. In 2010/11 there were 220 affordable completions. This dropped dramatically to just 87 completions in 2011/12. 2012/13 is looking slightly better at approximately 159 completions planned. Next year is not looking so optimistic with a current 100 affordable homes proposed, but this is dependent on there being no delays and s106s delivering as planned. Beyond 2013/14 the number of guaranteed affordable completions apart from those relating to ongoing s106s is significantly reduced. Discussions are ongoing with Registered Providers in terms of ability to deliver.

Need for 1 bedroom affordable homes

Welfare Reform will cut the amount of benefit that people can get if they are deemed to have a spare bedroom in their council or housing association home (known as the Size Criteria). This measure will apply from April 2013 to tenants of working age. The size criteria in the social rented sector will restrict housing benefit to allow for one bedroom for each person or couple living as part of the household, with the following exceptions:

- ◆ Children under 16 of same gender expected to share
- ◆ Children under 10 expected to share regardless of gender
- ◆ Disabled tenant or partner who needs non resident overnight carer will be allowed an extra bedroom

Any household deemed to have more bedrooms than they require, as defined by the Criteria, will lose a proportion of their housing benefit. For people under-occupying their accommodation by one bedroom they could see their benefit cut by an average of £14 per week, and for those under-occupying their home by two bedrooms this could increase to £23 per week. It is highly likely that some social housing tenants affected by the Size Criteria rules will wish to downsize to smaller accommodation to avoid paying the extra.

A significant proportion of the Keyways register is made up of single households and couples. Although they will still be able to bid for larger properties on Keyways their ability to pay if in receipt of Housing Benefit will be restricted and a full affordability check is undertaken at verification stage. There is a shortage of 1 bedroom affordable accommodation in the Borough as historically it has been something we have steered away from however it is now recognized that if designed in the right way it can be something that is attractive and households would be willing to move into/downsize to. If households currently over occupying affordable housing can be encouraged to move to smaller accommodation this would also free up larger family homes.

Land off Diana Way, Burton Latimer

This site already has outline planning permission for 80 homes (granted on appeal). Housing Strategy have been approached by various developers/housing associations regarding this site over the last couple of years.

For the past year discussions have been taking place with Orbit Housing Association who, although a Registered Provider, have a private arm and wish to develop out the whole site (private and affordable). Kettering Borough Council Housing and Planning Officers met with Orbit and RDC (multi-disciplinary consultancy) to discuss initial principles of development and moving this site forward last year.

The proposed scheme departs from the existing consent that utilises a very low density high average dwelling size to a scheme that now incorporates a full range of dwelling sizes and is more economically viable. The mix now proposed better reflects the need identified in the Strategic Housing Market Assessment Update 2012. The affordable element of the scheme has been discussed in detail with Orbit and Kettering's requirement for housing type and tenure has been met.

Orbit Housing

Orbit Housing Group is one of our main Registered Provider partners still delivering and managing affordable homes in the Borough. Aside from the Council they are the largest stockholder of affordable homes and have recently completed the last of their schemes funded under the old National Affordable Homes Programme – Thurston Drive which delivered 43 affordable homes in total and has proved very popular.

In this instance Orbit are looking to develop out the private sale homes and use any cross-subsidy from profits to plough back into the affordable homes to enable a scheme that is financially viable and can deliver the amount of affordable housing consistent with Policy, and urgently needed to meet housing needs. Orbit are not looking to use any of their allocation under the Affordable Rent Framework and as such are proposing a tenure mix of Social Rent, Shared Ownership and Private Sale which is much welcomed and a reflection of the requirements identified in the Strategic Housing Market Assessment 2012.

In addition to this, Orbit have also submitted a Get Britain Building bid to the Homes and Communities Agency round 2 funding. Get Britain Building is a £570m fund aimed at unlocking sites and getting development moving. Round 2 has a current shortlist of 105 schemes. If funding is secured for this scheme it would see a significant amount of public subsidy invested into the Borough, as well as allowing Orbit to reinvest proceeds from sales back into affordable housing. One of the requirements of the bid criteria is that the scheme will start on site by 31st March 2013. If the scheme does not get planning permission then any chance of securing this funding will be lost.



John Conway
Head of Housing