

**Selby District Council's Development Strategy
for increasing its supply of affordable housing stock**

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1. Introduction

This Development Strategy sets out Selby District Council's plans to contribute to the development of additional affordable housing in the district.

In its housing enabling role, the Council is committed to working with partner agencies and Registered Providers operating in the district to ensure the ongoing delivery of good quality affordable housing which meets the needs of our residents.

This strategy concentrates on the contribution the Council itself can make. Housing development has been identified as an important part of the Council's Programme for Growth because it helps meet the need for additional affordable housing in the district and contributes to the delivery of economic growth.

The development of more housing in the district will help support the building industry, provide opportunities for more employment and apprenticeships, create wealth and encourage local spending. It also provides an opportunity to increase the Council's receipts through the New Homes Bonus, which is set at a higher rate for affordable homes.

Most new housing provision is delivered by private developers, with affordable housing provided as part of a scheme through Section 106 Agreements in partnership with Registered Providers. Smaller numbers of new affordable homes are developed by Registered Providers independently either on small sites or on Rural Exception Sites.

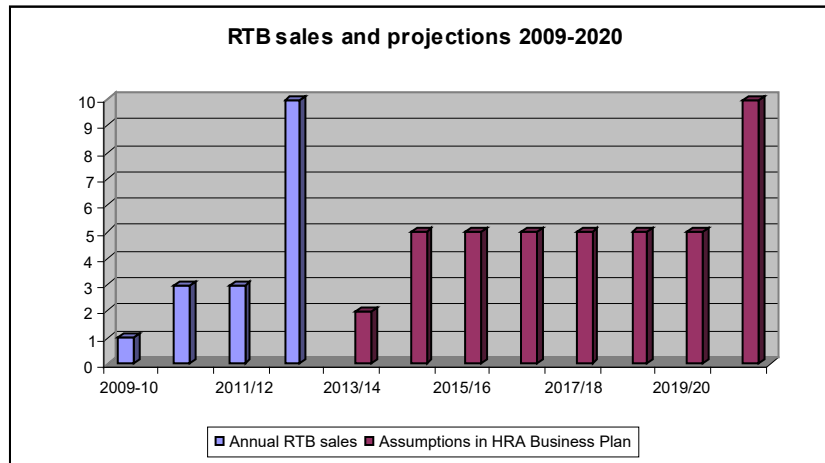
Housing affordability is one of the biggest challenges facing the district, with house prices almost tripling in fifteen years from £66,362 in 1996 to £182,442 in 2011*.

*DCLG Live Table 585 Housing Market: mean house prices based on Land Registry data, by district, from 1996-2011

Affordability ratios (house price to earnings) are significantly higher than the 'Affordable Definition' of 3.5 (an affordable mortgage being three and a half times annual income) particularly in the northern part of the District. In 2011 the affordability ratio for Selby District was 6.02. This means that house prices are 6 times the average annual income for Selby District. It is therefore important to ensure that the private rented and social rented sectors are able to meet demand from those who choose to rent or cannot afford to buy.

In recent years the Council's own capital investment in affordable housing has been limited to the repair and improvement of its own stock. However, because of 'Right to Buy' (RTB), the total council housing stock has been reducing. Although the rate of sale has slowed in more recent years it is now picking up again. The increased discounts in 2012, and Budget changes in 2013 which reduced the eligibility period for purchasers from 5 to 3 years, have already encouraged more tenants to explore their RTB. In 2012/13 there were 10 sales (where previous assumptions in the Housing Revenue Account (HRA) Business Plan had been for 2), and it is expected that this trend will

increase in coming years. The current position is set out in the bar chart below:



This does however present opportunities to reinvest the receipts in the provision of new affordable housing which are explored later in this strategy.

2. Strategic Aims

The Council's aims for the delivery of additional affordable homes are set out in the following strategies and plans:

- North Yorkshire Housing and Homelessness Strategy 2012-15
- Corporate Plan 2011-15
- Housing Revenue Account Business Plan 2012 – 2017
- Core Strategy including the Affordable Housing Supplementary Planning Document
- Draft Empty Homes Strategy 2013
- Programme for Growth

Further information relating to the housing elements of each of these documents can be found in Appendix B.

3. Evidence of Housing Need

Housing Need for the district was established through the Strategic Housing Market Assessment 2009 (SHMA), part of the Local Development Framework, which advised that Selby District at that time had a population of around 81,200, and is a high demand area for housing.

Extracts from the SHMA 2009 can be found in Appendix C. These extracts support the case for making affordable housing a priority and help guide the size, type and location of new schemes.

A new SHMA is planned to be commissioned late 2013/2014 and will provide updated information on need and relative demand. It is likely that both will have been affected by recent changes to the welfare system, particularly relating to the size of units (particularly the number of bedrooms) required.

3.1 Social rented stock

The SHMA found that social rented stock as a proportion of total dwelling stock has reduced from 15.1% in 1998 to 12.5% in 2008. Of occupied social rented stock, 76.3% is rented from the Council and 23.7% is rented from a Registered Provider.

The table below shows that over a third of Council stock is bungalows, but that bungalows make up only 15% of overall housing stock.

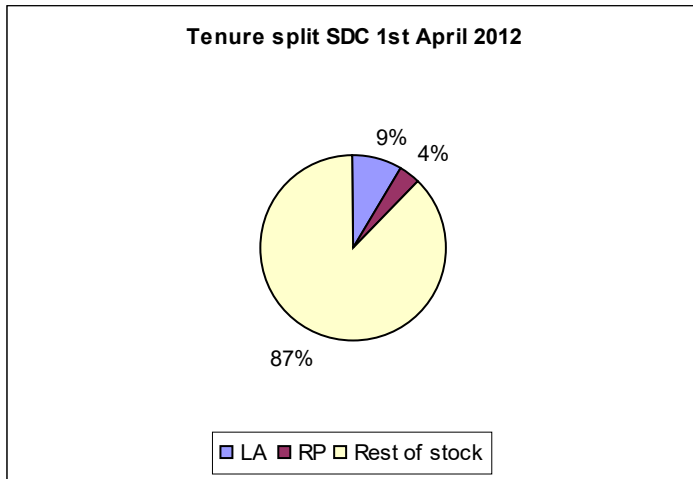
Over 35% of Registered Providers' stock is semi detached, and 50% is flats, whereas looking at the total stock, 28% is semi detached, and only 5% is flats.

Table B15 from the SHMA shows the attributes of social rented stock

Property Type	Council Rented (%)	RSL Rented (%)	All Stock (%)	No. Bedrooms	Council Rented (%)	RSL Rented (%)	All Stock (%)
Detached house/cottage	0.6	0.4	36.9	One/bedsits	17.7	27.6	4.7
Semi-detached house/cottage	24.4	35.4	28.4	Two	46.9	38.5	21.3
Terraced house/cottage	20.4	6.4	13.3	Three	34.4	33.9	44.4
Bungalow	34.8	7.5	15.4	Four	0.9	0.0	24.4
Maisonette	0.5	0.0	0.1	Five or more	0.1	0.0	5.2
Flat/apartment	19.2	50.3	5.3				
Caravan/Park Home/other	0.0	0.0	0.6				
Total	100.0	100.0	100.0	Total	100.0	100.0	100.0
Base	3184	990	34246	Base	3184	990	34246
Property Age	Council Rented (%)	RSL Rented (%)	All Stock (%)	Satisfaction with property condition	Council Rented (%)	RSL Rented (%)	All Stock (%)
Pre 1919	6.9	0.8	15.1	Very Satisfied	16.4	40.0	38.6
1919-1944	12.1	7.4	9.7	Satisfied	39.6	29.3	40.6
1945-1964	49.5	7.1	15.7	Neither satisfied nor dissatisfied	21.3	9.9	11.8
1965-1984	28.6	17.6	28.1				
1985-2004	3.0	41.7	25.1	Dissatisfied	19.5	15.4	7.6
2005 on	0.0	25.4	6.3	Very Dissatisfied	3.3	5.5	1.5
Total	100.0	100.0	100.0	Total	100.0	100.0	100.0
Base	3184	990	34246	Base	3184	990	34246

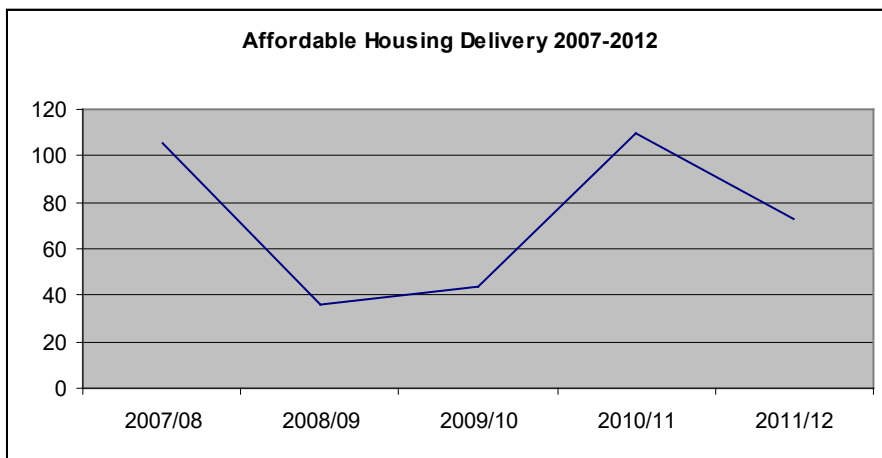
Local Authority Housing Statistics (LAHS) 2012 show that the proportion of social rented property in the district had hardly changed since then, at 13% of the housing stock, with 3,170 local authority homes and 1,370 owned by Registered Providers. These proportions are demonstrated in the pie chart below.

From LAHS 2012



3.2 Delivery over the past 5 years

There have been 368 affordable homes developed in partnership with Registered Providers between 2007-2012. Annual delivery is demonstrated in the graph below.



3.3 Size and type of affordable housing required

Evidence from the Selby SHMA 2009, of the size and type of housing required, is set out in more detail in Appendix C.

Table D19 of the SHMA 2009 considers the range of affordable property types households would consider, based on the aspirations of existing households in need and newly-forming households requiring affordable accommodation.

Table D19 Affordable property type preferences

Property type	Property type preferences		
	Existing HHs in Need	Newly-forming Households	TOTAL
House	41.7	39.6	40.5
Flat	14.0	47.2	33.7
Bungalow	44.3	13.2	25.8
Total	100.0	100.0	100.0
Base (Annual affordable requirement)	208	304	512

Source: 2008 household survey

Analysis suggested that there is a potentially strong role for intermediate tenure products in Selby District (homes for sale or rent at below market value – see the Glossary at Appendix A), with around 30% of households in need stating that they would consider it. Analysis of income, equity and savings would suggest that 52% of existing and newly-forming households in need could afford products with an equity share of £50,000 and 32.8% could afford an equity share of £80,000 (2009 SHMA). However, these figures will shortly be updated in the new SHMA 2013/14, which will be made available on the Council's website.

The North Yorkshire SHMA 2011 reviewed the 2009 evidence to provide an update in the context of the North Yorkshire wide picture.

In considering the long term changes to the profile of households, the following conclusions need to be taken into account –

- A growth in households aged 25 - 34, who are likely to require smaller homes on the whole
- A growth in households aged 55-64, which will include a proportion of households wishing to downsize
- A high increase in the numbers of older households, who are predominantly singles and couples

As a result, there is likely to be an increasing demand for smaller homes which are near to key services and transport links.

The proposed SHMA 2013/14 will provide updated evidence of need.

The Homes and Communities Agency has set out size and space standards and other requirements for affordable homes delivered by Registered Providers, and these need to be taken into account when negotiating for homes through Section 106 Agreements with a developer. More information can be found in the Council's Affordable Housing Supplementary Planning Document, and on the Homes and Communities (HCA) website.

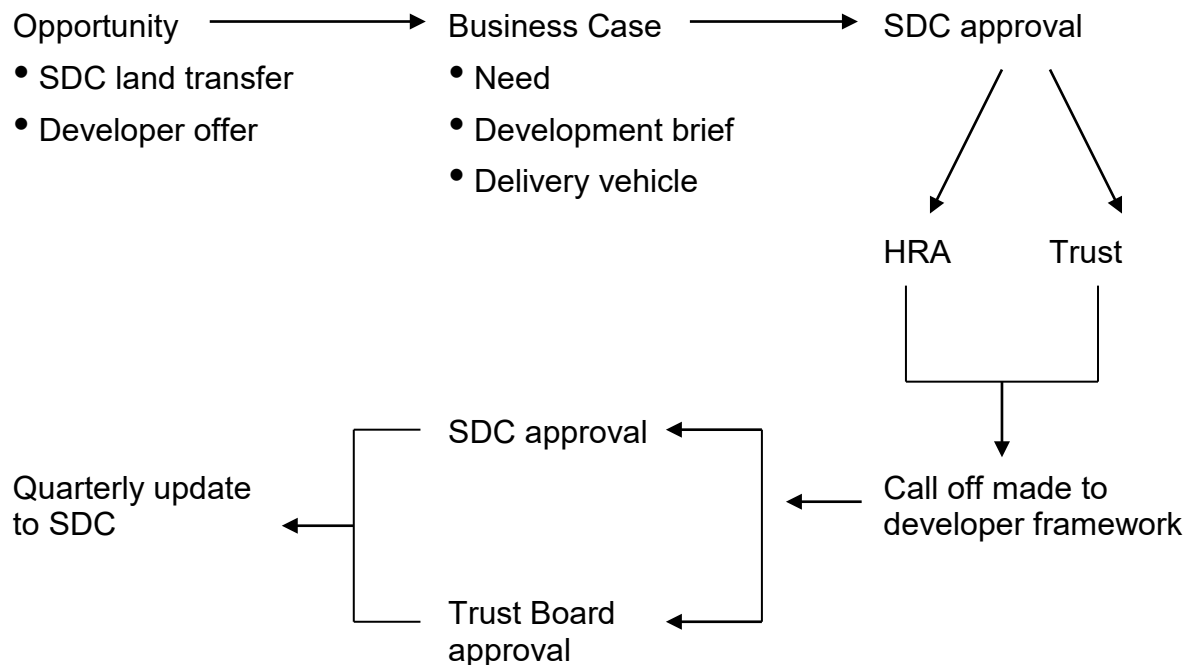
4. Development Strategy

There are two mechanisms available to the Council to increase its affordable housing stock, and add to the valuable work of Registered Provider (RP) partners. Properties could be

1. developed and financed through the HRA, or
2. through a Housing Delivery Vehicle, Selby Housing Trust (see below), which has been established to develop homes including with the benefit of assets/finance through the Council

The diagram below shows both of these development mechanisms. Once a potential scheme has been identified, the business case will usually dictate the best way forward.

Development Mechanisms



4.1 Housing Revenue Account

Developing through the Housing Revenue Account (HRA) will allow the Council to add to its own housing stock and retain control of allocations and management. However, this option is limited by the HRA £5m debt cap, and existing and new stock would continue to be subject to Right to Buy (RTB).

By developing through the new charitable Housing Trust, the Council can enable additional affordable housing stock to be developed using Council funding arrangements. Subject to agreement and conditions, the Council would retain nomination rights and the homes could be managed by Access Selby alongside the Council's own stock, providing opportunities for economies of scale. Tenants would still have the Right to Acquire (RTA), but

this is less onerous than RTB with lower discounts available (maximum £10,000 in Selby district at March 2010).

The Council is keen to add to the stock of affordable housing in the district through the most practical and cost effective mechanism, with a flexible approach to maximise resources and provide value for money. Each scheme needs to be considered on its own merits. For instance, the HRA may develop adapted units or accommodation for the elderly or disabled, which are exempt from the RTB. This would ensure that in the long term, affordable units remain available to this growing section of the population.

4.2 Selby Housing Trust

Selby District Council has established a charitable Housing Trust following submission of a feasibility report to Council on 26 February 2013. The Trust will deliver additional affordable homes across the district, initially concentrating on opportunities provided by using Council owned land.

The Trust will operate separately from the Council, with new developments funded by a variety of means including rental income on existing stock (once a portfolio of properties has been built up), loans from Selby District Council subject to consent, Section 106 commuted sums, or grant funding through the Homes and Communities Agency (HCA); section 4.11 of this strategy provides further detail. The Development Strategy provides the framework for delivery.

The Trust will develop affordable homes on land transferred from the Council at less than market value subject to approvals and the necessary consents. As a separate organisation, the Trust will have greater freedom to build new, affordable housing, which will be secured for affordable rent or purchase in the long-term.

4.3 Priorities

The Council is keen for new build development to provide quality homes early in the programme; this will be new stock which meets modern standards to be developed and taken into management.

An additional priority is to consider the refurbishment of individual properties in areas requiring improvement, and this could include empty homes work (which will be more time consuming to progress), purchase and repair and acquisition or buy back (see Section 4.3, Option 4). Again, the preferred delivery mechanism will be established through the business case.

In terms of location for new affordable development, the Council has prioritised a number of sites, land and garage blocks in its ownership, and in doing so has considered current usage, the current condition and repair requirements, and any adjacent opportunities such as small pockets of land.

With regard to the latest housing need information set out in the North Yorkshire SHMA 2011 (see 3.3), smaller units should be prioritised, with bungalows in particular provided on level sites with easy access to services and transport links. The next SHMA will take into account changing priorities resulting from recent welfare changes.

A list of potential sites, most in the council's ownership, has been drawn up for appraisal. The initial prioritisation of the sites to be progressed will include consideration of the areas of housing need identified in SHMA. This will allow schemes to be progressed in particular areas of the district where there is identified need but insufficient social provision to meet that need.

Following this, the schemes which are most likely to be deliverable would be prioritised for further consideration and assessment.

4.4 Options

Registered Providers are already working with us in the district to deliver affordable housing, and there are well established mechanisms in place regarding this.

Schemes delivered by the Council, through either the HRA or through the Trust, could be achieved by;

4.4.1 New build schemes for rent or purchase.

A. Section 106 opportunities

Under Policy CP5 of the Core Strategy (see Appendix B) there is a requirement for affordable housing provision to be delivered on site unless there are clear community benefits or the potential to deliver a better balanced housing market through off site provision. More detail is set out in the Council's Affordable Housing Supplementary Planning Document 2013. Registered Providers including the Trust can purchase and take on the management of these units. In addition, there is a requirement in the Core Strategy, which is likely to be adopted in October 2013, for commuted sums to be required relating to affordable housing provision on schemes of 1-9 units. These ringfenced sums can be pooled by the Council and used to fund affordable housing elsewhere in the district.

B. Rural Exception sites.

The Trust or another Registered Provider could purchase the affordable units on Rural Exception sites. In accordance with Policy CP6 of the emerging Core Strategy (see Appendix B), the sale of small numbers of market units could be considered on Rural Exception sites where this is required to provide cross subsidy for affordable schemes. Alternatively, the construction and sale of market units could also be delivered as part of an overall scheme.

C. Use of Council owned land including garage sites

The Council could develop sites itself or provide land to the Trust at less than market value for affordable housing schemes to be delivered, subject to support and the necessary consents for the transfer of land.

Individual site assessments and viability studies will address value for money issues which will need to be considered by the Council and will form part of the business case. Surplus land has been identified through work on the Council's Asset Management Strategy, and sites will be assessed for suitability for the development of small affordable housing schemes. Alongside this Development Strategy, circa 50 sites have been identified, with 20 of those being considered in further detail.

4.4.2 Other SDC owned buildings

The Council may have other property assets which could be altered to provide 1 or 2 bed units which may help tenants' downsizing requirements; currently there is a lack of smaller units available for tenants to downsize into. The new Strategic Market Housing Assessment (SHMA), due to be commissioned in 2013/14, will provide detail of current housing need taking this into account.

In addition, demolition of surplus or underused properties, or the use of adjacent unused land may provide further opportunities for development.

4.4.3 Other land/buildings available including on the open market

There may be other land or buildings owned by other public sector bodies, or available on the open market either in areas of need where the Council has no landholdings, or where they could enhance or increase development opportunities already under consideration.

Consideration could also be given to the acquisition of homes on the open market, which could be brought into management.

4.4.4 Buy backs

Where a tenant has taken up the RTB, and later wishes to sell the property, there is an opportunity for the Council to buy the property back. The advantage is that properties will have good space standards, and usually be located near to other Council stock for ease of management. In addition, much of the take up of the RTB was for smaller, more rural settlements where new provision is less likely.

Each purchase would be dependent on the business case, costs and available funding at the time.

4.4.5 Acquisition/disposal of affordable units

The Council or the Trust could consider acquisitions or disposals of stock. The Council may dispose of units through small scale transfers of void (empty) dwellings (no existing tenancies would be affected by this proposal)*, or other social housing providers in the district may consider disposals in order to rationalise their stock.

*The policy and criteria for this are not yet in place

The purchase of affordable units in high need areas where there is limited potential for additional homes to be provided could be prioritised. Hard to let properties could be reconfigured as part of the process. Whilst this may not increase the overall numbers of affordable housing in the district, it would increase the number of units in management and potentially provide economies of scale.

4.4.6 Potential joint ventures

Consideration will be given to working with other public sector bodies, or the possible acquisition of strategic sites

4.4.7 Remodelling of existing homes to meet changing need

As outlined in Section 5 above, either to address the problems of hard to let properties, or provide more smaller units to meet emerging demand resulting from recent welfare changes.

4.4.8 Refurbishment of empty homes

The Council's Empty Homes Strategy sets out our approach to bringing empty homes back into use. In terms of the contribution this Development Strategy can make, where an owner has failed to bring an empty home back into use despite our intervention, and the Council considers it to be a priority, the home could be managed and let out by the Council or the Trust. This could be effected either through outright purchase, or by agreement with the owner, with the cost of improvement works recouped through rental receipts.

Following an initial assessment of suitability, the cost of repairing and refurbishing the property could be set against future rental income. The term of the lease would be calculated to recoup the cost of the works, and this could also be extended to take account of the provision of a rental income to the owner if this was required.

Whilst this would not provide an increase in affordable housing stock in the longer term, it would add to the affordable offer in the district in the shorter term.

4.4.9 Building under licence

There may be situations where the Council or the Trust might consider building under licence to reduce the upfront cost of development, eg where a partner public sector body contributes land.

4.5 Tenure

As part of the site appraisal process, consideration needs to be given to whether to charge a traditional social rent, or take the opportunity to charge an Affordable Rent (of up to 80% market rent). See Appendix A.

Where HCA funding is used, there is an expectation that Affordable Rent will be charged in order to maximise opportunities for the development of further affordable units. However, where other funding is used, consideration could be given to the development of a percentage of social rented properties to ensure that the needs of lower income families can continue to be met.

The provision of a small number of market units, either as part of an affordable scheme or on a small site elsewhere, might provide the opportunity for cross subsidy and meet the need for market housing in particular locations. This consideration will be part of the detailed viability work required on a site by site basis.

4.6 Employment, Training and Economic Benefits

There are a number of opportunities to contribute to the wider economy by delivering affordable housing. These include building or refurbishment of properties, their ongoing management and repair, and the chance to offer apprenticeships relating to any area of the work.

4.7 Delivery

Selby Town needs the greatest numbers of additional affordable housing (see Table D12 of the SHMA – Appendix C), and this is the area should be a priority for sites. The evidence shows that 110 of the 409 units required, or 27%, are in Selby Town. In terms of unit size, 42% of the requirement across the district is for 2 bed units.

Delivering affordable units for older people, whilst addressing the increasing numbers of older people predicted to be living in the district, could also allow larger units to be made available for families through tailored allocations via local lettings agreements.

A separate desktop assessment has been prepared of over 50 sites in Council ownership. This includes a location plan, aerial image and a spreadsheet showing an initial assessment of high potential, probable potential or no potential.

Of those sites, 20 have been subject to an initial site appraisal including desktop information plus walkover survey, photographs, initial site summary with indicative number of units. The assessment of development potential is shown as a percentage, and a measure of deliverability has been added through a traffic light system.

Building on this approach, detailed site appraisals will enable the development of business cases on individual sites, which will then determine which will come forward first. The Council will work up a development programme, and the preparation of criteria for asset transfers will be the subject of a separate policy, these to be read side by side.

4.8 Pilot schemes

The Council's Executive has recently agreed to seek planning permission for a small development of 3 new affordable homes on land at St Joseph's Street in Tadcaster, with the intention that these will be built by the new Trust. In addition, there are plans to remodel the former Council offices in Kirkgate to provide 3 affordable flats, subject to planning approvals.

It is anticipated, looking at the available Council owned land opportunities, that the following delivery targets could be achievable. The tenure of these units will depend upon identified need and individual site viability issues.

2013/14	Year 1 2014/15	Year 2 2015/16	Year 3 2016/17	Year 4 2017/18	Year 5 2018/19
Preparation	6+	25	25	25	25

4.9 Commuted sums

The Council's Core Strategy makes provision for commuted sums to be paid in lieu of affordable housing in appropriate circumstances. Greater clarity around these circumstances will be set out in the Affordable Housing Supplementary Planning Document (AHSPD).

Core Strategy Policy CP5 (see Appendix B) also provides that on sites below the threshold, a commuted sum will be sought to provide affordable housing within the district. The target contribution will be equivalent to the provision of up to 10% affordable housing.

The draft AHSPD sets out maximum commuted sums payable for sites of 1-9 units, and is due to be consulted in the summer 2013. It is anticipated that the SDP will be approved at the same time as the Core Strategy in October 2013.

Under Policy CP5 of the Core Strategy (see Appendix B) there is a requirement for affordable housing provision to be delivered on site for developments of 10 or more dwellings unless there are clear community benefits or the potential to deliver a better balanced housing market through off site provision. Where this is appropriate (refer to AHSPD Appendix 5) and

evidence can be provided this will be included in the officer report to the Planning Committee for their consideration. One case has been considered to date and agreed in principle.

Once the maximum contributions arising from the AHSPD have been agreed, it should be possible to work up a projection of the possible commuted sums which would be available to the Council for the provision of affordable housing.

4.10 Development and Construction Programme

Setting the Scene

The attached programme is based on the development of a small site circa 3 - 5 units.

Assumptions :

1. The site is progressed in isolation, and not part of a wider development programme.
2. The process defined is linear at the moment, economies of time could be achieved by combining stages ie the tender and planning stage could be one.
3. The stages could be overlapped to a degree with certain assumptions being made to speed the process up ie if the Constructor is chosen before planning is progressed, then the constructor may choose to produce the construction information and tender to his subcontractors at the same time as the planning process is taking place.
4. It assumes the professional services of the Architect and Engineer are procured directly and there is little input from the Constructor initially into the overall 'look and feel' of the scheme.
5. The Architect and Engineer would be novated to the preferred Constructor who would ultimately take responsibility for design and build because of the detailed information required.

Observations :

1. Once a process is established there will be economies of time as the process is repeated
2. If the sites are grouped economies can be achieved
3. The sites could be put out in 'Lots' as a design competition, rather than keeping overall control of the schemes initially – this would remove an element of up front design cost, however it would still be factored in overall scheme via the constructor's viability.
4. If there is a design competition it reduces the liability and risk for the Council, which would be reflected in an uplift in the Constructor's price.
5. If the design and detail is left as a responsibility of the constructor there is more room for manoeuvre on the constructor's part in the final contract negotiations.

STAGE ONE – Initial Assessment

Circa 8 Weeks

Any land identified with development potential will be assessed as a two stage process. Initially the identified site will be checked on Ordinance Survey and aerial photographs as a desk top exercise to see if there are any obvious reasons not to proceed ie given the planning guidelines separation distances from existing units are not achievable. Following on there will be a site visit which will involve a photographic survey of the site and completion of a pro forma questionnaire which helps inform the viability of development. This would highlight local up to date issues that may not be obvious from Ordinance Survey or aerial photographs, such as a garage that has been converted to a substation.

STAGE TWO – Feasibility

Circa 12 Weeks

Involve an Architect to provide an initial sketch scheme based on the housing needs for the location, this would have to reflect local and national planning guidance. The scheme would then be forwarded to all the local utility companies to ensure that the site can be serviced by gas, electric, water and telecoms. At this stage the returning information may change the plan or make the site unviable ie if an electric substation needs to be moved (or the cables associated with it) to enable development this can cost in the region of £50,000 to £100,000, if it is possible to find an alternative location. An additional cost of £100,000 on a development of circa £500,000 has to be considered in terms of best value. Also confirmation of ownership and any restrictions on title at this point may change the view on development potential.

STAGE THREE – Planning

Circa 25 Weeks

All the information required for a planning submission is obtained. Information such as Location Plan; Topographical Survey; Site Investigation; the necessary proposed plans and elevations; and a Design and Access Statement etc all need to be produced and collated. This information is then submitted to the Local Planning Authority who then have a defined process to follow to allow for discussion and consultation around the site and the proposals. This can take up to twelve weeks depending on the nature of the site, its complications and any objections that may be received.

STAGE FOUR – Procurement

Circa 25 Weeks

Assuming the site is successful in achieving a valid planning permission, a constructor will be needed to build the site. There are various methods of procurement and frameworks available which can be implemented to select a constructor. The choice of which would be appropriate to the scale of development and the overall programme, certain elements of this may be

4.11 Financing Developments

A 5 year programme of 106 homes at an average cost of between £80k and £100k per property (subject to land values) would require resources of between £8.5m and £10.6m.

The HRA Business Plan shows that there is currently £5m borrowing headroom up to the HRA debt cap and sufficient financial capacity within the HRA to cover the principal and interest payments.

Assuming £5m HRA borrowing at an average rate of 4.5% over 30 years the annual repayments would be approximately £280k p.a.

Any additional financing would then allow development by the Trust via General Fund resources – either prudential borrowing or s106 commuted sums.

S106 commuted sums are difficult to quantify at this stage in terms the amount and the timing and therefore a conservative estimate of £500k from year 3 is assumed. If these funds do not materialise then additional prudential borrowing would be required or developments would need to be scaled back.

The cost of General Fund borrowing would be borne by the Trust and repaid from the rental income of the properties developed.

Loans to the Trust would be at prevailing PWLB rates + % (+ % to be determined) and would constitute capital expenditure for the Council.

An indicative funding plan assuming an average build of £100k per property could be:

	Year 1 £000's	Year 2 £000's	Year 3 £000's	Year 4 £000's	Year 5 £000's
Resources required	600	2,500	2,500	2,500	2,500
Financed by:					
HRA Debt	300	1,250	1,250	1,250	1,250
S106	0	0	500	500	500
GF Debt	300	1250	750	750	750
Total Funds	600	2,500	2,500	2,500	2,500

It is also anticipated that the Trust will seek Registered Provider status with the Homes and Communities Agency in order to access grant funding. Should such funding become available over the life of the programme then this could either reduce the General Fund borrowing required or increase the number of properties delivered (subject to sites).

Similarly the HRA may experience increased Right to Buys and have the opportunity of additional retained capital receipts – in these circumstances any additional capital receipts retained in accordance with the agreement with the government must make up no more than 30% of the development costs. This could allow one extra property for every £100k additional receipts retained, up to a maximum of 10 extra properties.

Individual business cases for developments (HRA and Trust) would need to establish viability in terms of the rental income and the costs of asset transfers, financing, building, maintaining and managing the properties over a 30 to 60 year life.

Managing the Process

To 'kick start' the housing trust project, £30k was allocated from the Programme for Growth budget. This was a one-off sum to cover the feasibility and set up costs of the proposed Housing Delivery Vehicle. This budget has been spent or allocated to the remaining elements of the project still in progress.

In order to take forward a 5 year programme of build projects it will be necessary to engage a level of resource to co-ordinate and commission the businesses cases, asset transfer agreements, funding applications and procurement of individual schemes.

Given it is the intention to build via the HRA and the new trust, there is an opportunity to share this resource to achieve some economies of scale for both organisations.

At this stage it is difficult to fully quantify the amount of work involved as this will depend on the availability/deliverability of sites, but assuming that 1 full time equivalent at a suitably qualified senior officer level is required, a budget of £60k – say £30k HRA and £30k Trust should be sufficient.

The HRA element would be covered by the financial capacity within the HRA and it is suggested that the Trust element is covered by the Programme for Growth until the Trust gains sufficient property numbers to sustain such costs without support from the Council.

The case for Programme for Growth resources is put forward on the basis of the additional New Homes Bonus that will be generated by the build programme – 106 additional houses over the life of the 5 year programme (say at an average Band B for Council Tax Base purposes) would achieve New Homes Bonus of £760k against a General Fund cost of £150k.

Procurement

The approach to procurement will largely depend on the value of the work to be tendered.

The initial pilot schemes are below the threshold for EU procurement rules and therefore the Council's own procurement rules will apply.

Projects are expected to be on a 'design and build' basis and developers will be engaged early in the process to enable flexibility over design to deliver maximum value for money for the level of quality desired.

Opportunities for efficiency within the procurement process will be sought and the use of select lists and/or a framework contract will be explored through the Council's procurement partnership and where possible joint procurement between the Council and the Trust will be undertaken.

Glossary

Affordable housing

Is social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market

Affordable Rent

Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). It is let by local authorities or Registered Providers to households eligible for social rent.

Housing Association

See Registered Provider

Housing demand is the quantity of housing that households are willing and able to buy or rent.

Housing need is the quantity of housing required for households who are unable to access suitable housing without financial assistance.

Housing requirement is the combination of both housing need and housing demand.

Intermediate housing

Intermediate housing includes homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

Local connection

Connection to a particular area because of residency, employment, family or a main source of support.

NPPF

National Planning Policy Framework, published in March 2012 aimed to consolidate all previous planning documents – policy statements, circulars and guidance into one document

Registered Providers

Including Registered Social Landlords and Housing Associations. These are providers (and may also be developers) of social housing, and are defined in section 80 of the Housing and Regeneration Act 2008)

Registered Social Landlords

See Registered Provider

Rural Exception Sites.

Small sites used for affordable housing in perpetuity where sites would not normally be used for housing. Rural exception sites seek to address the needs of the local community by accommodating households who are either current or former residents or have an existing family or employment connection. Small numbers of market homes may be allowed at the local authority's discretion, for example where essential to enable the delivery of affordable units without grant funding

Section 106 Agreements

Legal agreements which secure community benefits through a planning obligation. These can include provision for a percentage of affordable housing to be provided on housing developments

Social Rented

Social rented housing is owned by local authorities and Registered Providers, for which guideline target rents are determined through the national rent regime

Strategies and Plans

North Yorkshire Housing and Homelessness Strategy 2012-15

Selby District Council is a member of the North Yorkshire Housing Partnership, and has signed up to the NY Housing and Homelessness Strategy 2012. This sets out the housing vision and priorities for the period up to 2015:

‘To make North Yorkshire and York an inclusive place where communities are sustainable and residents can have fair access to decent affordable homes and effective support when they need it.’

It identifies five key strategic priorities for housing investment:

1. Enabling the provision of more affordable homes
2. Maintaining and improving the existing housing stock
3. Delivering community renaissance
4. Improving access to housing services
5. Reducing homelessness

Selby District Council aims to increase the numbers of affordable units being developed over the next 5 years.

Corporate Plan 2011-15

The plan sets out how the Council wants to target money and resources in its five 'big things' for the district, which are:

- Tough times call for a **stronger council**, fighting your corner and getting everyone working together
- It's all about **changing places** and helping others to see our district through new eyes
- We want to work with others to make this a great place with people **living well** and leading happy and healthy lives
- We won't be afraid of **tackling the tough stuff** that might otherwise knock us off course
- That means being **switched on** to what's happening around us, knowing what's important and being fit for the job

Housing Revenue Account Business Plan 2012 – 2017

The Housing Revenue Account (HRA) Business Plan is a strategic document which sets out the Council's vision for its housing service over the next 5 years. It recognises the Council's role as service commissioner and presents the outcomes we aim to achieve over the next 5 years.

The financial strategy for the HRA aims to provide the financial environment to support the Council in achieving its strategic objectives and for the delivery of

its landlord responsibilities over the medium to longer term. The financial strategy was prepared in the context of major changes in housing finance with the introduction of self financing from April 2012.

The Plan acknowledges the Government's enhanced 'Right to Buy' scheme and 'one-for-one' replacement of additional homes sold. As part of these arrangements the Council will be able to retain more capital receipts by entering into an agreement with the Government to reinvest receipts in new affordable rented homes.

This Development Strategy will explore these opportunities further and set out options for the Council to utilise some of these receipts to deliver more affordable housing.

Core Strategy

The Core Strategy sets a minimum housing target in Selby district for 450 units per year. This could, if the policy was delivered at the target 40%, produce about 180 affordable units per annum on allocated sites. Additional windfall sites are expected to deliver an additional 105 dwellings per annum which could provide another 40 affordable units per year, 220 in total.

However, market sites for 450 units per year will never deliver sufficient homes to meet identified need at 409 affordable units per year. This position reflects the position nationally where the numbers of affordable units required will never be delivered through S106 alone. All councils have an affordable housing need which outweighs their capacity. Additional 100% affordable schemes are therefore required in order to help meet that need, and the Council is keen to contribute by utilising its own resources.

The Core Strategy policies relating to affordable housing are set out below:

Policy CP5 Affordable Housing

A. The Council will seek to achieve a 40/60% affordable/general market housing ratio within overall housing delivery.

B. In pursuit of this aim, the Council will negotiate for on-site provision of affordable housing up to a maximum of 40% of the total new dwellings on all market housing sites at or above the threshold of 10 dwellings (or sites of 0.3 ha) or more.

Commuted sums will not normally be accepted on these sites unless there are clear benefits to the community/or delivering a balanced housing market by re-locating all or part of the affordable housing contribution.

C. On sites below the threshold, a commuted sum will be sought to provide affordable housing within the District. The target contribution will be equivalent to the provision of up to 10% affordable units.

D. The tenure split and the type of housing being sought will be based on the Council's latest evidence on local need.

E. An appropriate agreement will be secured at the time of granting planning permission to secure the long-term future of affordable housing. In the case of larger schemes, the affordable housing provision will be reviewed prior to the commencement of each phase.

The actual amount of affordable housing, or commuted sum payment to be provided is a matter for negotiation at the time of a planning application, having regard to any abnormal costs, economic viability and other requirements associated with the development. Further guidance will be provided through an Affordable Housing SPD.

Policy CP6 Rural Housing Exceptions Sites

In the Designated Service Villages and the Secondary Villages, planning permission will be granted for small scale 'rural affordable housing' as an exception to normal planning policy provided all of the following criteria are met:

- i) The site is within or adjoining Development Limits in the case of Secondary Villages, and adjoining development limits in the case of Designated Service Villages;
- ii) A local need has been identified by a local housing needs survey, the nature of which is met by the proposed development; and
- iii) The development is sympathetic to the form and character and landscape setting of the village and in accordance with normal development management criteria.

An appropriate agreement will be secured, at the time of the granting of planning permission to secure the long-term future of the affordable housing in perpetuity. Small numbers of market homes may be allowed on Rural Exception sites at the local authority's discretion, for example where essential to enable the delivery of affordable units without grant funding in accordance with the NPPF. Future Local Plan documents will consider introducing a detailed policy and / or specific allocations for such sites.

Draft Empty Homes Strategy 2013

The draft Empty Homes Strategy is currently being developed, and sets out the Council's approach, focussing on those properties in areas with the highest numbers of empty homes. This will allow wider benefits to be achieved as concentrations of empty homes have a disproportionate impact on communities and the local economy. The Strategy found that Selby, Barlby and Tadcaster have the highest number of empty homes, making up 43% of the total for the district.

Within those areas of the district, further prioritisation will enable the strategy to focus resources where there will be the greatest impact. A scoring matrix will be developed assigning appropriate weighting to each of the criteria.

The Council has the option to consider enabling additional units from the general housing stock to be used for affordable housing through funding repairs and improvement, possibly in conjunction with a lease arrangement with the owner.

Programme for Growth

Delivering new affordable homes is one of the primary objectives of the Council's £5million Programme for Growth investment, which focuses on dealing with the big issues affecting the area, such as housing, employment and the local economy.

Evidence of Housing Need, from the Selby Strategic Housing Market Assessment (SHMA) 2009

The population was predicted to increase by 25.2% from 81,100 in 2008 to 101,500 by 2031. Over the next few decades, the number of older people will increase; in particular the number of residents aged 75+ is expected to more than double (from 5,900 in 2008 to 12,600 by 2031). The vast majority of older people (78.7%) want to continue to live in their current home with support when needed and 26% would consider sheltered accommodation. Older households would also consider new forms of specialist accommodation including older persons' apartments (13.1%) and properties in a retirement/care village (16.3%).

The number of households is also expected to increase, by 27.3% between 2006 and 2026, most likely fuelled by an increase in one person and multi-person households (e.g. friends sharing) which reflects national and regional trends. More recently, since the assessment was completed in 2009, the impact of the welfare changes and in particular the under-occupation penalty, will create additional pressure on the demand for smaller units of accommodation.

The SHMA found that in 2008 the proportion of social rented dwellings in Selby was 12.2%, compared with a regional average of 18.5%.

Lower quartile incomes in 2008 were slightly below the regional figure, but median incomes were slightly above. Selby is ranked the 8th least affordable district in Yorkshire and the Humber but the most affordable district in North Yorkshire. The emerging Core Strategy sets out our target for negotiation for the proportion of new housing that needs to be affordable, at up to 40%.

Analysis indicates that across Selby, there is an annual net shortfall of 378 and a gross shortfall of 409 affordable dwellings. A tenure split in the range 50 to 70% social rented (and the balance of 30 to 50% to be intermediate tenure) across the District is appropriate based on the stated preferences of households and an analysis of the relative affordability of intermediate tenure products.

The SHMA also identified the need for affordable housing by type in the sub areas, and this is shown in table 4.12 from the document, set out below

Table 4.12 Annual affordable housing requirement (gross) 2008/09-2012/13

Sub-area	Older person		General needs				Total
	Number of bedrooms		Number of bedrooms				
	One	Two	One	Two	Three	Four or more	
Central	10		10	11	3		34
East	4	4	11	13		2	34
North East	5		3	7	18	6	39
Northern	1		1	5	4	2	13
Selby	11		27	58	13	1	110
Sherburn in Elmet	2			25	12	4	43
South East	4	2	13	7	9	0	35
Southern	8		2	18	18	2	48
Tadcaster				12	1	3	16
Western	1	6		18	7	5	37
Total	46	13	67	173	85	25	409

Source: 2008 household survey

When considering the wider market, the SHMA reported that North Yorkshire's Supporting People Strategy focuses on the need to provide additional extra care schemes and developing Telecare services. The provision of extra care schemes has emerged as a strategic priority presented in the National Affordable Homes Programme 2008-2011. *(In Selby, this programme delivered 93 Extra Care homes in Brayton and Tadcaster).*

The SHMA concluded that a variety of affordable housing should be provided, with a particular emphasis on delivering affordable housing for general needs (i.e. singles under 60, couples under 60 and families).

Table D12 Net and Gross affordable housing requirements – annual requirements 2008/09 to 2012/13

NET REQUIREMENTS

Number of bedrooms	Sub-aera										Total
	Central	East	North East	Northern	Selby	Sherburn in Elmet	South East	Southern	Tadcaster	Western	
Older person											
One	10	4	5	1	11	2	4	8	-2	1	44
Two	-7	4	0	-1	-2	0	2	-3	-3	6	-5
General needs											
One	10	11	3	1	27	-4	13	2	-3	-3	57
Two	11	13	7	5	58	25	7	18	12	18	173
Three	3	0	18	4	13	12	9	18	1	7	85
Four or more	-1	2	6	2	1	4	0	2	3	5	24
Total	26	34	39	11	108	39	35	45	8	34	378

GROSS REQUIREMENTS

Number of bedrooms	Sub-area										Total
	Central	East	North East	Northern	Selby	Sherburn in Elmet	South East	Southern	Tadcaster	Western	
Older person											
One	10	4	5	1	11	2	4	8		1	46
Two		4					2			6	12
General needs											
One	10	11	3	1	27		13	2			67
Two	11	13	7	5	58	25	7	18	12	18	174
Three	3		18	4	13	12	9	18	1	7	85
Four or more		2	6	2	1	4		2	3	5	25
Total	34	34	39	13	110	43	35	48	16	37	409