



DERBY CITY COUNCIL

**COUNCIL CABINET
5 SEPTEMBER 2006**

ITEM 10

Cabinet Member for Neighbourhood, Social
Cohesion and Housing Strategy

Derby's Affordable Housing Programme 2006-08

SUMMARY

- 1.1 This report outlines the schemes funded by the Housing Corporation from the National Affordable Housing Programme – NAHP – 2006-08 and the funding from the Council's Facilitation Fund in 2006-07, as detailed in Appendix 2. In Derby's case 14 bids to the Housing Corporation, amounting to £9.37M, were successful which will deliver 334 affordable properties. Affordable housing has been supported by the Housing Corporation at a number of schemes in Derby, including the Baseball Ground, Derby University Mickleover Campus and at King Street, as shown in Appendix 2.
- 1.2 This level of support compares favourably with that for the 2004-06 period, which was £5.383M. It also represents an increase in the size of the proportion of the East Midlands pot coming to Derby from just over 4% in 2004-06 to 6% in 2006-08.
- 1.3 Subject to any issues raised at the meeting, I support the following recommendation.

RECOMMENDATION

- 2.1 To note the schemes to be funded by the Housing Corporation from the National Affordable Housing Programme – NAHP – 2006-08.
- 2.2 To approve the use of the Council's Facilitation Fund in 2006/7 as outlined in paragraph 3 of the Director's report.



Derby's Affordable Housing Programme 2006-08

SUPPORTING INFORMATION

1. National Affordable Housing Programme 2006-08 – bid round

- 1.1 In the Summer of 2005 the Housing Corporation launched the bid round for the National Affordable Housing Programme – NAHP – 2006-08, with the publication of a 'Pre-prospectus' and a 'Prospectus'. These documents set out the national government targets for affordable housing – as contained in 'The Sustainable Communities Plan' – 2003 – and 'Homes For All' – 2005 as well as the 'Housing Corporation Corporate Strategy 2005-2008'. A key priority for the Housing Corporation was that bids for funding should support the priorities set out in regional housing strategies. In the case of Derby this was the East Midlands Regional Housing Strategy and the recommendations of the Regional Housing Board in 'Investment in Housing in the East Midlands 2006-08'.
- 1.2 Bids for funding also had to support the priorities set out in local plans and the local housing strategy – 'Derby City Council Housing Strategy 2003-2006'. In order to set these out in an accessible format, briefing documents were prepared setting out Derby's specific requirements, which were sent to potential bidders.
- 1.3 The Housing Corporation continued the trend started with the 2004-06 bid round of allocating funding to a more limited number of 'Investment Partners', designed to achieve economies of scale, more efficient procurement, better quality housing and increased end user satisfaction. In parallel with this partnering process, a number of unregistered bodies – such as private developers – that had successfully pre-qualified were also able to bid for funding.
- 1.4 Over the Summer of 2005, officers met with representatives from organisations interested in bidding for funding, to ensure that bids met local, regional and national priorities and were deliverable. Ultimately in Derby 39 bids were submitted to the Housing Corporation, amounting to £27.967M for 736 properties.
- 1.5 At the end of March 2006 the Housing Corporation advised all local authorities of the bids that had been successful. In Derby's case 14 bids, amounting to £9.37M, were successful which will deliver 334 affordable properties. The details of these successful bids are shown in Appendix 2 and Appendix 3.
- 1.6 This level of support compares favourably with that for the 2004-06 period - £5.383M for confirmed schemes, with £2.436M for reserve schemes, which would be substituted for

confirmed schemes if they were no longer able to proceed. It also represents an increase in the size of the proportion of the East Midlands pot coming to Derby from just over 4% in 2004-06 to 6% in 2006-08.

- 1.7 In addition, the Housing Corporation have provided funding for 36 properties in Derbyshire, including Derby, to be provided under their Open Market HomeBuy initiative. This initiative is available to key workers, existing social housing tenants and those in priority housing need and provides an equity loan of up to £50,000 to purchase a home on the open market.
- 1.8 Open Market HomeBuy, and New Build HomeBuy will be promoted through 'Zone Agents' appointed by the Housing Corporation. The Zone Agent for Derby, and Leicestershire and Nottinghamshire, is East Midlands Housing Association. As there is no specific allocation for Derby, officers are working with East Midlands to ensure that the maximum number of Derby residents are able to benefit.

2. Brief details of schemes

2.1 Baseball Ground

The affordable housing is to be delivered as part of the redevelopment of the former Baseball Ground site, which will provide 147 properties in total. The affordable properties will provide large family housing in an area of need, and in New Build HomeBuy – formerly known as shared-ownership – a form of tenure that is currently under represented in the area. They will be owned by Walbrook Housing Association and managed by Hallmark Housing Association, who are part of the Walbrook Group. Discussions are on-going with the Housing Corporation concerning a further 15 affordable dwellings being provided on this site.

2.2 Churnet House

The affordable housing is to be delivered as part of the redevelopment of Churnet House, which will provide 53 properties in total. The affordable housing will be a mix of rent and New Build HomeBuy. The scheme is situated within the Cityscape area and was considered as part of the Cityscape design competition.

2.3 Derby College

The affordable housing is to be delivered as part of the redevelopment of Derby College in Wilmorton. The development will provide 596 properties in total, of which 109 will be affordable. Housing Corporation funding has been secured for 40 of the affordable dwellings, with the remainder delivered without grant. The affordable will be a mix of rent and New Build HomeBuy.

2.4 Derby University Mickleover Campus

The affordable housing is to be delivered as part of the redevelopment of Derby University's Mickleover Campus. The development will provide 476 properties in total, of which 135 will be affordable. The affordable will be a mix of rent and New Build HomeBuy.

2.5 King Street

The affordable housing is to be delivered as part of a mixed tenure development, on a brownfield site, providing 179 properties in total. The affordable will be a mix of rent and New Build HomeBuy. The scheme is situated within the Cityscape area and was the winner of the Cityscape design competition.

2.6 Osmaston Road

Redevelopment of a brownfield site with 29 affordable dwellings, being a mix of rent and New Build HomeBuy.

2.7 Accessibility

Three of the 2 bed flats at King Street, 13 of the properties at Mickleover Campus and the 2 bungalows at Osmaston Road will be built to meet the needs of wheelchair users. All of the properties at Mickleover Campus will be built to Joseph Rowntree Lifetime Homes Standards, together with 13 of the flats at Churnet House, ensuring that the properties are flexible, adaptable and accessible and able to meet the needs of residents as they change over time.

2.8 BME Housing Needs

The Housing Corporation Pre-prospectus and Prospectus highlighted the need for bidders planning schemes in areas of the country with significant Black and Minority Ethnic – BME – communities to bring forward initiatives to work with and through BME associations. Derby was one of the areas of the country where this requirement had to be met and consequently most schemes will have 20% of the properties managed by a BME led housing association. The exception to this is the flatted schemes where multiple management organisations are not considered to be appropriate and instead, the BME led housing associations will be involved on the project steering group. This will help to ensure that the needs of BME residents are reflected in the location, design and management of the properties.

3. Local Authority Funded Schemes - Facilitation Fund 2006-07

- 3.1 In addition to funding received by the Housing Corporation, the Council is also able to fund affordable housing schemes from its own Facilitation Fund. This enables schemes to be brought forward which have been unsuccessful in receiving Housing Corporation funding, are of a nature that would not qualify for Housing Corporation Grant, as they meet local rather than regional priorities, or it enables the Council to jointly fund schemes with the Housing Corporation, in particular if they are high cost. This joint funding enables both organisations to achieve better value for money.
- 3.2 The provision of this funding not only enables the Council to exercise greater influence over the number and location of new affordable dwellings, but also enables it to make sure that the house type mix also fully reflects local needs and priorities. In recognition of the Council's grant, the housing associations enter into a nomination agreement with the Council, where properties will be let using Derby Homefinder, our choice-based letting system.

3.3 The Facilitation Fund receives resources from three main sources:

- the Housing Capital Programme
- 'Commutated Sums' – contributions received as a result of planning gain, where developers pay the Council a sum of money to enable affordable housing to be provided off-site, rather than on as part of their development and
- the sale proceeds from certain Housing held sites.

3.4 The contribution from the Capital Programme to the Facilitation Fund in 2006-07 is £475,000. It is proposed that this funding is committed to the following ...

a. Baseball Ground

It is proposed that the Council invest £100,000 into this scheme, in addition to the Housing Corporation funding of £698,000 and £200,000 recycled grant from Walbrook. This will enable the provision of a mixture of large family housing for affordable rent and New Build HomeBuy, which will meet the strategic priorities of the Council at a lower cost to each of the funding organisations.

b. Home Loss Payments

Cabinet has previously considered Reports on Britannia Court, the Derbyshire and Isle of Wight Blocks, where remaining tenants are being decanted to allow the flats to be redeveloped. Payments amounting to approximately £360,000 will be required to enable the remaining tenants to move.

3.5 In addition, there are a number of schemes that are currently being progressed through feasibility studies. Consequently, once the level of resources available to the Facilitation Fund in 2007-08 is known, further reports will be brought to Cabinet for approval outlining the details of such schemes and/or other commitments.

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Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – National Affordable Housing Programme 2006-2008 Appendix 3 – Map showing location of schemes

IMPLICATIONS

Financial

1. A total of £975,000 has been provided for the Facilitation Fund in the Housing Capital Programme - £475,000 in 2006/07 and £500,000 in 2007/08.
2. As outlined in paragraph 3.3 of this report, additional funding may be available from commuted sums under s.106 of the Town and Country Planning Act 1990, and/or sale of land held under housing powers. Proceeds from such sales must be spent on affordable housing and/or regeneration projects otherwise 50% of such receipts have to be paid over to the government under current pooling arrangements.
3. About £360,000 of the £475,000 in the current year is committed for home-loss payments to residents of properties to be redeveloped. A further £100,000 is committed to the redevelopment of the Baseball Ground, although this expenditure and funding may “slip” into 2007/08.
4. At this stage it is proposed to not commit the £500,000 available in 2007/08 until actual resources and spending priorities for that year are known with more certainty.

Legal

2. None directly arising.

Personnel

3. None directly arising.

Equalities impact

4. The Affordable Housing Programme promotes social inclusion, both in terms of household mix and type of tenure. The provision of the additional affordable housing outlined in this Report will help meet the needs of all groups, including minority ethnic communities, disabled people, those in need of general needs housing and older people.

Corporate priorities

- 5.1 The provision of the additional affordable housing outlined in this Report will help to promote the Council's objectives to create **healthy, safe and independent communities** and a **shared commitment to regenerating our communities**.
- 5.2 They will also further the priority of **working in partnership to achieve socially cohesive communities**.

- 5.3 The proposals also assist the Council to achieve the LPSA target for the development of Brownfield sites, and the Corporate Plan targets relating to affordable housing provision.

National Affordable Housing Programme 2006-2008 - Derby

A. Social Rented Properties

Housing Association/ Developer	Address	Ward	No of Units	Persons	Mix	Social Housing Grant £
East Midlands	Derby College	Alvaston	20	74	4x1b2p flat, 4 x 2b3p flat, 10 x 3b5p house, 2 x 4b6p houses.	700,000
Metropolitan	Baseball Ground	Arboretum	5	35	5 x 4b7p houses	390,000
Metropolitan	King Street	Darley	36	100	9 x 1b2p flats, 24 x 2b3p flats, 3 x 2b4p flats	2,012,667
Persimmon	Derby University	Mickleover	108	474	32 x 1b2p flats, 11 x 2b/3p flats, 21 x 2b4p houses, 27 x 3b5p houses, 17 x 4b6p houses	2,160,000
Riverside	Churnet House	Arboretum	17	42	11 x 1b2p flats, 6 x 2b3p flats	1,170,000
Riverside	Derby College	Alvaston	16	72	4 x 1b2p flats, 8 x 3b5p houses, 4 x 4b6p houses	608,000
Riverside	Osmaston Road	Sinfin	10	32	6 x 1b2p flats, 2 x 4b6p houses, 2 x 2b4p bungalows	730,000
Totals			212	829		7,770,667

B. New Build HomeBuy

Housing Association/ Developer	Address	Ward	No of Units	Persons	Mix	Social Housing Grant £
Metropolitan	Baseball Ground	Arboretum	10	35	5 x 2b3p flats, 5 x 2b4p houses	308,000
Metropolitan	King Street	Darley	36	102	8 x 1b2p flats, 28 x 2b2p flats	750,000
Persimmon	Derby University	Mickleover	27	120	6 x 1b2p flats, 9 x 2b3p flats, 10 x 2b4p houses, 2 x 3b5p houses	135,000
Riverside	Churnet House	Arboretum	26	72	6 x 1b2p flats, 20 x 2b3p flats	260,000
Riverside	Derby College	Alvaston	4	16	4 x 2b3p flats	52,000
Riverside	Osmaston Road	Sinfin	19	62	14 x 2b3p flats, 5 x 2b4p houses	95,000
Totals			122	407		1,600,000

Appendix 3: Scheme locations for 2006-08 National Affordable Housing Programme & Facilitation Fund 2006-07

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