

Report to: Homes & Health Portfolio Holder  
 Decision Date: 12 January 2023  
 Portfolio Holder: Councillor Tim Wendels  
 Director Lead: Suzanne Shead, Director for Housing, Health and Well Being  
 Lead Officer: Jill Sanderson, Senior Housing Strategy and Development Officer, Ext. 5624

<b>Report Summary</b>	
<b>Type of Report</b>	Open, Non-Key Decision
<b>Report Title</b>	Affordable Housing Delivery Report 21/22
<b>Purpose of Report</b>	To provide detail on affordable housing delivery across the district for the financial year 21/22, including future anticipated delivery and progress on the 5 year Housing Revenue Account Development Programme.
<b>Recommendations</b>	That the affordable housing delivery and progress with the Council's five-year HRA development Programme is noted, making any observations as appropriate.
<b>Alternative Options Considered</b>	None
<b>Reason for Recommendation</b>	To appraise Members of the current and future delivery of affordable housing across the district.
<b>Decision Taken</b>	That the report be noted.

## **1.0 Background**

- 1.1 The delivery of additional affordable homes across the district continues to be a strategic priority for the Council with an objective of the Community Plan 2020-2023 being to; *'Create more and better-quality homes through our roles as landlord, developer and planning authority.'*
- 1.2 There is an ongoing requirement to develop a mixed provision of affordable homes to meet the requirements of younger people, families with young children and older people across the district's urban and rural communities (Arc4 Housing Needs Survey 2021).
- 1.3 The Council, along with enabling the supply of new affordable housing, continues to deliver directly new build Council owned homes. Phases one and two were delivered through its

Housing Revenue Account (HRA) development programme in partnership with its housing management company, Newark and Sherwood Homes (NSH). Since February 2020, the Council brought back into house its arms-length management organisation and the same team continues to be responsible for delivering the programme in its fifth year.

- 1.4 In addition to the Council's own developments, a range of approaches are adopted to secure the delivery of new affordable housing units in the district, through working with Housing Associations (not-for-profit Registered Providers), 'for-profit' Registered Providers and housing developers to provide 100% affordable housing schemes and S106 housing.
- 1.5 When the Housing and Regeneration Act (2008) came into force, it allowed profit making organisations to be registered with the social housing regulator for the first time, meaning that they are generally able to take affordable housing dwellings which have been mandated by a S106 planning requirement. All the regulatory standards that apply to 'not-for-profit' providers apply equally to 'for-profit' with some key differences around governance and financial viability.
- 1.6 In the last year there has been a significant interest in the district from 'for-profit' Registered Providers seeking to purchase S106 rented and intermediate affordable housing such as Heylo Housing, Sage Housing, Storm Housing Group and Legal and General Affordable Homes. Their main focus has been on low-cost home ownership such as shared ownership, however interest in securing general needs rental stock is becoming evident. These new entrants to the affordable sector do not have established management platforms and have looked to the traditional registered provider sector to outsource day-to-day housing maintenance and tenancy management. The Council ensures that all 'for-profit' registered providers have robust tenancy policies, agreements and management/maintenance practices in place and these will be reviewed on a yearly basis.
- 1.7 The delivery of affordable housing is set against the Council having a robust evidence base of housing need. To update the 2014 DCA Housing Needs Survey, in 2020 the Council underwent a tender exercise and commissioned Arc4 Consultants to commence a district wide housing needs assessment, the findings of which were presented to the Homes and Communities Committee in January 2021.
- 1.8 The 2020 assessment indicated a total net affordable housing need of 1,566 units per annum (677 @ 2014) and after deducting the annual supply of housing, the shortfall for the next 5 years is 243 homes per annum (152@ 2014). The main variances between the 2014 DCA affordable need data and the current data are a higher level of backlog need of households who require affordable housing and a lower level of newly arising need because market prices are affordable to around 80% of newly forming households.
- 1.9 The Council owns 5,544 dwellings (31 March 2022), with 22 homes being sold through the Right to Buy in 2021/22.
- 1.10 There are currently 4414 applicants on the Council's housing register (31 March 2022), an increase of 233 on the previous year.

## **2.0 Affordable Housing Delivery 2021/22**

- 2.1 Over the past seventeen years, a total of 1,785 additional affordable homes have been provided across the district, through S106 planning agreements, 100% affordable housing developments, rural exception sites and the Council's own developments.

2.2 Between April 2021 and March 2022, 112 additional affordable homes have been built across the district (*located in Newark, Ollerton, Edwinstowe, Southwell, Collingham, Farndon, Caunton and Elston*). Set against the need for 243 new affordable homes per annum and the delivery of 112 new builds, this means there is a supply shortfall of 131 affordable homes in the 21/22 financial year. The approaches to deliver these are outlined below:

<b>Developer: Section 106 Agreements</b>	<b>Registered Provider 100% Affordable Housing Schemes</b>	<b>HRA Developments</b>	<b>Total</b>
7	40	65	<b>112</b>

2.3 The tenure breakdown of these units is as follows:

<b>Social Rent</b>	<b>Affordable Rent</b>	<b>Intermediate Housing (Shared Ownership)</b>	<b>Discount for sale</b>	<b>Total</b>
3	107	2	0	<b>112</b>

### **Section 106 Agreements and 100% Affordable Housing Schemes**

2.4 The table below details the location of the affordable housing units delivered through Section 106 planning agreements and 100% affordable housing schemes:

<b>Location</b>	<b>Affordable Ownership</b>	<b>Affordable Tenure</b>				<b>Unit Type</b>
		<b>Affordable Rent (AR)</b>	<b>Shared Ownership</b>	<b>Discount for Sale (DFS)</b>	<b>Total Delivered</b>	
<b>Registered Provider 100% Affordable Housing Schemes</b>						
<b>Ollerton</b> Malt Kiln Close	Nottingham Community Housing Association	33			33	1, 2 and 3 bed houses
<b>Ollerton</b> Newark Road (Eco Houses)	Nottingham Community Housing Association	7			7	7 x 2 Bed Houses
<b>Council HRA Development Programme - Year 4</b>	District Council – see Further update at 3.5	61			61	1,2 & 3 Bed houses
<b>S106 Affordable Housing - (Developer Contributions)</b>						
<b>Southwell</b> The Rise, Halloughton Rd Stagfield Group Developments	Newark and Sherwood District Council – S106 Purchase	2			2	1 x 2 Bed House (A/R) 1 x 3 Bed House (A/R)
<b>Edwinstowe</b> Rufford Pastures Woodheads	Nottingham Community Housing Association	3 (S/R)	2		5	5 x 2 bed bungalows (Social Rent)
		<b>110</b>	<b>2</b>	<b>0</b>	<b>112</b>	

## HRA Development Programme

2.5 The following table shows the number of Council housing units delivered through phase four of the HRA development programme during 2021/22.

Location	Affordable Ownership	Tenure: Affordable Rent	Unit Type
<b>Boughton</b> Broadleaves Extra Care	HRA	40	10 x 2 Bed Bungalow 30 x 1 bed Apartments
<b>Caunton</b> Deans Close	HRA	2	2 x 2 Bed Houses
<b>Collingham</b> Windsor/Healey Close	HRA	1	1 x 1 Bed Bungalows
<b>Farndon</b> The Meadows	HRA	2	2 x 1 Bed Apartments
<b>Newark</b> Boundary Road (Former Fire Station)	HRA	8	4 x 1 Bed Apartments 4 x 2 Bed Houses
<b>Newark</b> Churchill Drive	HRA	1	1 x 2 Bed Bungalow
<b>Newark</b> Hatchetts Lane	HRA	5	3 x 2 Bed Bungalow 1 x 3 Bed Bungalow 1 x 1 Bed Bungalow
<b>Newark</b> Williams Street	HRA	2	2 x 1 Bed Apartments
<b>Total</b>		<b>61</b>	

### 3.0 Anticipated Affordable Housing Delivery

- 3.1 It is difficult to provide an accurate picture beyond 2027 as further sites may come forward through the planning system, some sites may be delayed (*especially those major developments phased over a long build period*) and national funding/policy arrangements may change.
- 3.2 The following table identifies the number of units currently anticipated to be delivered over the next four to five years:-

Scheme Details	Registered Provider (Owner)	No of Units (Aff)	Type: AR (Affordable Rent) SO (Shared Ownership)	Progress
<b>S106 Affordable Housing (Developer Contributions)</b>				
<b>Bilthorpe</b> Land at Oldbridge Way (The Pastures) ( <i>S106</i> )	Heylo Housing	36	Shared Ownership (22 rent converted to S/O + Commuted Sum Payment)	Avail from Sept Onwards. 2 & 3 bed houses
<b>Blidworth</b> New Lane	Gleeson RP to be determined	1	2 and 3 bed houses for affordable rent	No start on site

S106 – 20/00475/Fulm			and S/O	
<b>Collingham</b> Braemar Farm (Part 2) Gusto ( <b>S106</b> )	Gusto Construction	2	Discount for sale 1 x 3 Bed & 1 x 2 Bed	Completed 15.05.22
<b>Newark</b> Land at Highfields London Road	Avant – RP to be determined	25	15 for Aff Rent 10 For S/O 2 & 3 Bed Houses	No start on site
<b>Balderton</b> Fernwood Extension – meadows south 49 Plus a new one for 49 but not on site -	Not Known	120	TBC	No start on site for affordables
<b>Newark</b> Yorke Drive (Regeneration Project)	NSDC	130	2 & 3 Bed houses	No start on site
<b>Newark</b> 17 Northgate – Land transferred to HRA as part of a S106 agreement at Hawton Lane. ( <b>100% affordable Hsg</b> ).	District Council -HRA Development Programme	12	Affordable rent 11 x 1 Bed 1 x 2 Bed	Due Sept 22
<b>Newark</b> Former Piano School, Mount Lane	St Leonard’s Trust, Newark	10	1 and 2 bed apartments	No start on site
	Total	359		
<b>Council Owed HRA Development – Phase 4/ 5 (all with planning consent or under construction)</b>				
<b>Council HRA New-Build</b> <b>Newark</b> Ash Road 17 Northgate Grange Road/Clifton Hse Eton Avenue Shops Devon Road <b>Southwell</b> Coghill Court <b>Edwinstowe</b> Abbey Road <b>Blidworth</b> Dale lane <b>Kirton</b> Kirton Court <b>Clipstone</b> The Drive <b>Ollerton</b> Firview <b>Norwell</b> Fairvale and School Lane <b>Newark</b> Wolfit Avenue Hawton Lane Devon Rd Stukeley Court Northgate / Lovers Lane Eton Avenue <b>Boughton</b>	HRA		Affordable rent	Completion estimated Summer 2023
		2	2 x 1 bed flats	
		12	1 & 2 bed flats	
		2	2 x 2 Bed Bung	
		2	2 x 2 bed	
		9	1 & 2 Beds	
		4	4 x 2 Bed Bung	
		3	3 & 2 Beds	
		7	2 & 1 Beds	
		2	2 x 2 Bed Bungalow	
		3	3x2 bed bungalows	
		2	2x2 bed bungalows	
		3	1&2 beds	
		4	4 x 2 & 1 bed bungs	
		1	1 x 3 bed bungalow	
		2	2 x 2 bed houses	
		1	1 x1 bed bungalow	
		5	5 x1 bed flats	
		5	5 x1 bed bungalows	

Fearndale Close <b>Edwinstowe</b> Gaitskell Avenue		2	2 x2 bed houses	
		2	2 x1 bed bungalows	
	Total HRA	73		
	<b>Total</b>	<b>432</b>		

### **Rural Exception Sites**

- 3.3 Traditional rural exception sites, in accordance with Planning Policy, are schemes solely for the development of affordable housing on land within or adjoining existing small rural communities which would not be otherwise released for general market housing. The evidence to support the development of such sites includes the commissioning of a parish housing needs survey to determine the type and tenure of housing required.
- 3.4 The Government introduced the ‘First Homes’ exception sites (FHES) (Written Ministerial Statement of the 24<sup>th</sup> May 2021) to replace entry level exception sites (paragraph 71 of NPPF). It is anticipated that FHES will be popular with land owners in rural areas. FHES can include market housing to aid viability, be proportionate in size to the settlement and have a reduced criteria in relation to local need. However, if a site is required to be ‘proportionate’ then it is likely a housing needs survey will be required to determine the level of affordable need.
- 3.5 The Council continues to work in partnership with Nottingham Community Housing Association (NCHA) and Trent Valley Partnership (the Partnership) to deliver rural affordable housing, involving the completion of parish housing needs surveys, liaison with Parish Councils, local ward Member(s) and land owners in the locality.
- 3.6 The Partnership is currently working with Parish Councils towards the delivery of exception sites for affordable housing in the district. A planning consent has been secured for 19 new affordable homes in Walesby and a start on site has commenced. The partnership are considering potential sites at Oxton, Bleasby and Winthorpe, all of which will be subject to continued parish consultation, land availability and planning approval.

### **4.0 Housing Revenue Account - Development Programme**

- 4.1 The Policy & Finance Committee in 2016 approved an ambitious 5 year Council housing (HRA) development programme to deliver an indicative 335 additional homes across the district, to meet the housing needs of local residents.
- 4.2 The Council are project managing the development programme, and Robert Woodhead Ltd was awarded the build contract to deliver the new Council owned homes. Robert Woodhead have been the main delivery contractor for the Council’s new build development programme since the commencement of the programme in 2017 and were procured to delivery between 225 and 300 units.
- 4.3 Robert Woodhead announced on Wednesday, 14<sup>th</sup> September, 2022 at 4:27pm that they have “ceased trading with immediate effect. There will be an immediate need for you to make your own security arrangements as you feel appropriate.” Since Robert Woodhead ceased trading, the HRA sites which were part completed have been secured, made safe, re-procured and two new contractors (Gusto and Mercer) have been appointed to complete the works.

### ***Phases One, two, three and Four***

- 4.4 The first four phases of the HRA programme delivered 70, 50, 27 and 61 units respectively, including the 40 units developed at Broadleaves, Boughton (Extra Care Scheme) plus the 60 units developed at Gladstone House (*Extra Care Scheme*), Newark in year one. Photographs of some phase four units can be found at **Appendix A**.

### ***Phase Five***

- 4.5 The Council are now progressing towards completing phase five with a target to deliver 73 units over 21 sites, the finances of which straddle over 2 financial years.
- 4.6 Since Robert Woodhead ceased trading, the impact on the HRA program is a delay of approximately 9 to 12 months to deliver the last remaining outstanding properties that make up the balance of the planned 335 units. It is now forecast that the program will be completed by March/April 2024.
- 4.7 Due to the re-procurement of the sites there has been an impact on the budget to deliver the remaining properties. The current construction costs are approximately 17% higher than the Robert Woodhead costs. The properties will be delivered within the current budget. However, the contingencies within the budget will be committed.

### ***Scheme Finance***

- 4.8 The average build costs per unit, including all external works, prelims and abnormal items due to small sites being delivered on ex-garage sites, is £157,716.78 excluding pre-construction and planning fees (average £6,100 per unit). The average cost per unit inclusive of all build costs and fees is £163,816.78 (an increase of nearly £10,000 upon the previous year).
- 4.9 The HRA Development Programme has to date secured approximately £4.307 million pounds of external grant funding (excluding Gladstone House); the programme also continues to utilise the Council's One for One receipts. Monitoring of the HRA Business Plan continues based on the known changes and grant funding obtained via Homes England. Current indications show that the approved 5 year development programme is deliverable within the resources available.
- 4.10 The Council continues to scrutinise the capital finances of this programme to ensure it meets the budgetary requirements set by the Policy & Performance Improvement Committee, with any variances and approval for these reported to that Committee.
- 4.11 In terms of continued grant support from Homes England, discussions have been held with officers locally who are keen to receive future bids from the Council to support the ongoing development programme.

### ***Better Care Fund***

- 4.12 The Better Care Fund continues to fund the grant programmer for both Disabled Facilities Grants and Minor Works Grants. In 2021/22 there were 83 schemes were completed at a total cost of close to £691,000. However, it should be noted that there was a carry-over of approximately £473,000. These are grants that have been approved but are awaiting a contractor to start the works.

4.13 Discussions with partners are taking place to develop schemes either for the Council’s proposed new build stock and with social landlords to modernise their stock to make it more suitable for independent living.

***Extra Care Scheme - Boughton***

4.14 At its meeting on the 28<sup>th</sup> June 2018, the Policy and Finance committee approved in principle the development of a new extra care scheme on the allocated HRA site in Boughton, to be delivered in partnership with Homes England and Nottinghamshire County Council.

4.15 The Council commenced the construction of the project following a procurement exercise and allocation of a budget of £8.9 million in August 2019 and completed in July 2021. This scheme has secured £2,080,000 Homes England Grant. The Constructors – North Midland Construction Plc went into administration during the last week of the build. The Council is currently agreeing the final account payment with the administrators. The project is still forecast to come in under budget. **(Appendix B provides photos)**

4.16 The District Council has entered into a co-operation agreement with Nottinghamshire County Council which, amongst other things, stipulates that the County Council will cover the void rent loss for empty units after a qualifying period of time, therefore protecting rental income into the HRA Business Plan.

4.17 Similar to the arrangements at Gladstone House those units not nominated to the County Council will be let as general supported housing, with the Council providing the housing management and repairs service for the whole scheme.

**5.0 Implications**

In writing this report and in putting forward recommendations, officers have considered the following implications:

**5.1 Financial Implications (FIN22-23/4758)**

5.2 A summary of spend on site for each phase is detailed below (to the 30 March 2022) including grant received:

Scheme	Units	Expenditure	External Funding Received
		£m	£m
Gladstone House	60	8.190	4.700
Phase 1	70	9.879	2.986
Phase 2	50	7.587	1.322
Phase 3	27	6.721	0.211
Broadleaves	40	8.600	1.560
Phase 4	41	9.062	0
Phase 5	73	9.715	0
<b>Total</b>	<b>361</b>	<b>59.754</b>	<b>10.779</b>



- 5.3 Corporate Property work closely with Finance to ensure all budgets are accurate and any variations are approved in a timely manner and budgets are closely monitored.
- 5.4 The Right-to-Buy (RTB) receipts for Replacement Homes (known as 1-4-1 Receipts) are retained through a RTB agreement. Under the terms of that agreement, the RTB receipts have to be spent on new supply of affordable housing within 4 years of arising or have to be returned to Government with penalty interest applied. Therefore, the latter phases of the development programme are maximising the use of 1-4-1 receipts in order to avoid any penalties. Grant and RTB 1-4-1 receipts cannot be used to finance the same scheme.
- 5.5 During 2021/22, £254,339.70 was received in S106, in lieu of onsite affordable housing delivery. The majority of this relates to the Clipstone Drive (Bluebell Wood) development which was invoiced during 2020/21.

5.6 **Equality and Diversity Implications**

The Council's housing needs evidence base informs the type of affordable housing to be delivered across the district to meet the needs of all communities, including those with protected characteristics.

- 5.7 All other implications such as Data Protection, Digital and Cyber Security, Human Resources, Human Rights, Legal, Safeguarding and Sustainability have been considered and no comments are required.

**Background Papers and Published Documents**

Nil.

**HRA Development Programme – Phase 4**

Coghill Court, Southwell - Under Construction (4 x 2 Bed Bungalows)



Northgate, Newark - under construction (11 x 1 Bed flats & 1 x 2 Bed flat)



Fire Station site, Newark - 2 Bed houses and 1 Bed flats



Hatchets Lane Site – 2 bed bungalows



**Broadleaves Extra Care Scheme, Main Street, Boughton – Completed Scheme**

**Bungalows Broadleaves**



**Broadleaves**

