

# RIBBLE VALLEY BOROUGH COUNCIL

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Dear Councillor

The next meeting of the **HEALTH & HOUSING COMMITTEE** is at **6.30pm** on **THURSDAY, 31 MARCH 2016** at the **TOWN HALL, CHURCH STREET, CLITHEROE.**

I do hope you will be there.

Yours sincerely

CHIEF EXECUTIVE

To: Committee Members (Copy for information to all other members of the Council)  
Directors  
Press

## AGENDA

### Part I – items of business to be discussed in public

1. Apologies for absence.
- ✓ 2. To approve the minutes of the last meeting held on 21 January 2016 – copy enclosed.
3. Declarations of Pecuniary and Non-Pecuniary Interests (if any).
4. Public Participation (if any).

### FOR DECISION

- ✓ 5. Housing Delivery Plan 2016/2018 – report of Chief Executive – copy enclosed.
- ✓ 6. Addressing Housing Needs – Starter Homes – report of Chief Executive – copy enclosed.

- ✓ 7. Registering as a Registered Provider – report of Chief Executive – copy enclosed.

FOR INFORMATION

- ✓ 8. Capital Programme 2016-2017 – report of Director of Resources – copy enclosed.
- 9. Reports from Representatives on Outside Bodies (if any).

Part II - items of business **not** to be discussed in public

FOR INFORMATION

- ✓ 10. General Report – Grants – report of Chief Executive – copy enclosed.
- ✓ 11. Affordable Housing Update – report of Chief Executive – copy enclosed.

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO HEALTH & HOUSING COMMITTEE

Agenda Item No. 5

meeting date: THURSDAY, 31 MARCH 2016  
title: HOUSING DELIVERY PLAN 2016/2018  
submitted by: MARSHAL SCOTT – CHIEF EXECUTIVE  
principal author: RACHAEL STOTT – HOUSING STRATEGY OFFICER

## 1 PURPOSE

1.1 This report sets out the key aims and objective over the strategy housing service over the next 2 years.

1.2 Relevance to the Council's ambitions and priorities:

- Community Objectives – To assist in delivering housing needs across the borough.
- Corporate Priorities – To continue to be a well-managed Council providing services based on customer need.
- Other Considerations – None.

## 2 BACKGROUND

2.1 The plan sets out the key objectives for the service over the next 2 years.

## 3 RISK ASSESSMENT

3.1 The approval of this report may have the following implications:

- Resources – As stated within the plan.
- Technical, Environmental and Legal – To work within existing staff resources.
- Political – Important that there is a clear direction of the aims and objectives of the service.
- Reputation – Essential the service has clear direction.
- Equality & Diversity – None identified.

## 4 RECOMMENDED THAT COMMITTEE

4.1 Approve the actions and to monitor progress against delivery of the action plan.

RACHAEL STOTT  
HOUSING STRATEGY OFFICER

MARSHAL SCOTT  
CHIEF EXECUTIVE

For further information please ask for Rachael Stott, extension 4567.

## HOUSING STRATEGY DELIVERY PLAN 2016-2018

<u>Objectives and Aims</u>	<u>Milestone / Measures</u>	<u>Responsibility</u>	<u>Timescale</u>	<u>Resource Requirement</u>
<b>Objective 1 – Address affordable housing needs in the borough.</b>				
<b>Aim 1 – Assist first time buyers access the home ownership across the borough</b>	Investigate the option of the Council registering as a Registered Provider to maintain delivery of affordable units .	RS/CH	Ongoing	Legal implications and governance requirements. Commuted sums used to secure any units.
	Continue to secure shared ownership and discount sale units on all sites over the agreed thresholds across the borough.	RS	Ongoing	Secure HCA grant where no Sect 106 .Deliver by RP's through Sect 106 requirements.
	Include additional evidence to the Addressing Housing Needs Policy to evidence the % discount required to address housing needs.	RS	Oct 2016	Collate house price and income data across the borough.
<b>Aim 2 – Increase provision of affordable rented properties both social and private.</b>	Consider developing a purchase and repair scheme to enable purchase and renovation of private rented properties to deliver affordable rented units.	RS	Feb 2016	Consider use of commuted sum monies to provide funding.
	Offer a grant incentive to private landlords to encourage the development of affordable rented properties and with the Council retaining nomination rights.	RS	Ongoing	Council invest approx. £75k annually which delivers 7-8 affordable units. To consider any commuted monies to increase delivery
	Investigate the housing options available to young people and how we can increase provision and choice for under 35 year olds. Consider amending landlord grant to offer increased amount were under 35yr old can occupy.	RS	Jan 2017	Utilise Single Homeless Funding for 1 bed affordable accommodation.
	Continue to offer tenancy protection scheme to enable households to secure an affordable rented property and encourage its acceptance amongst private landlords.	RS/GG/WK	ongoing	Maintain TPS budget.
	Monitor impact of Universal Credit on addressing housing needs.	RS/DS	December 2016	Ensure tenants are kept informed.

<u>Objectives and Aims</u>	<u>Milestone / Measures</u>	<u>Responsibility</u>	<u>Timescale</u>	<u>Resource Requirement</u>
	Support formation of Community Land Trusts and their delivery of affordable housing. Assist communities utilise the opportunities available for them to play a role in affordable housing delivery.	RS/CLT		Legal set up costs may seek funding from RVBC.
<b>Aim 3 – Evidence to support delivery</b>	Demonstrate a robust housing need evidence base. Maintain current house price to income data. Utilise data from waiting list.	RS/GG/CH	Oct 2016	Staff time
	Continue to market/publicise completion of all affordable schemes and the positive impacts on the community.	RS/TS	Ongoing	No resource requirement
<b>Objective 2 – Affordable Warmth and Flood resilience</b>	Work in partnership with the Health and Wellbeing Working Group and identify the health benefits of reducing fuel poverty.	RS	February 2017	Utilise the affordable warmth grant
	Continue to raise awareness of the benefits of a reduction in energy use overall. Provide general utility bill, tariff and energy efficiency advice.	RS/HO	March 2018	Training cost only
	Deliver the affordable warmth grant initiatives to vulnerable households and monitor the benefits.	RS/HO	April 2018	Public health funding
	Deliver the flood resilience grants to all households affected by flooding to better protect their properties for the future.	LW/CH/DCLG	March 2017	DCLG funding
<b>Objective 3 – Addressing Specialist Housing Need</b>	Prioritise housing needs of older persons, work with Age UK and Older Person Action Group to ensure the needs are identified and accounted for in development schemes.	RS	Jan 2016	Support from members to ensure older persons needs on sites are prioritised.
	Request bungalows built to lifetime homes standards on every new site. All sites are required to deliver 15% older persons accom.	RS	Jan 2016	N/A
	Secure purpose built units for disabled occupants through Sect 106 agreements .	RS	On going	Additional DFG funding for specialist equipment.

<u>Objectives and Aims</u>	<u>Milestone / Measures</u>	<u>Responsibility</u>	<u>Timescale</u>	<u>Resource Requirement</u>
<b>Aim 1 – Address housing needs of the older households</b>	<p>Increase the tenure options for the older households to live independently.</p> <p>Investigate possible funding streams to deliver specialist housing .HCA,NHS options.</p> <p>Work with partners to maintain supported accommodation for Older people.</p>	RS/RP's	March 2017	N/A
<b>Aim 2 – Reduce homeless households stay in temporary accommodation</b>	<p>Reduce the length of stay in temporary accommodation by increasing affordable stock options to assist move on.</p> <p>Prepare for withdrawal of SP funding from TA schemes and investigate alternative ways of supporting households.</p>	<p>RS</p> <p>RS/SP</p>	<p>April 2017</p> <p>Sept 2016</p>	<p>Dependant on how delivery is assisted.</p> <p>Not known</p>
<b>Aim 3 – Address the specialist housing needs</b>	<p>Work in partnership with the Commissioning Managers to ensure the Council are aware of specialist housing needs within the borough.</p> <p>Work in partnership with the charity/church groups within the borough and encourage joint working to support delivery.</p> <p>Ensure RP's and SP are made aware of the supported housing needs within the borough. Support the delivery of extra care housing in the borough.</p>	<p>RS/CB</p> <p>RS/RP Partners</p>	<p>September 2016</p> <p>Ongoing</p> <p>Ongoing</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p>

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO HEALTH & HOUSING COMMITTEE

Agenda Item No. 6

meeting date: THURSDAY, 31 MARCH 2016  
title: ADDRESSING HOUSING NEEDS - STARTER HOMES  
submitted by: MARSHAL SCOTT – CHIEF EXECUTIVE  
principal author: RACHAEL STOTT – HOUSING STRATEGY OFFICER

## 1 PURPOSE

1.1 The purpose of this report is to inform Committee of Starter Homes as an affordable housing product and to evidence how this tenure does not address affordable housing needs in the borough.

1.2 Relevance to the Council's ambitions and priorities:

- Community Objectives – To address the affordable housing needs of households in the borough.
- Corporate Priorities – None.
- Other Considerations – None.

## 2 BACKGROUND

2.1 The planning guidance sets out details on the starter homes product as follows:

A Starter Home is expected to be well designed and suitable for young first time buyers. Local planning authorities and developers should work together to determine what size and type of Starter Home is most appropriate for a particular Starter Home exemption site reflecting their knowledge of local housing markets and sites. A Starter Home is not expected to be priced after the discount significantly more than the average price paid by a first time buyer. This would mean the discounted price should be no more than £250,000 outside London and £450,000 in London.

### **Who is eligible for a Starter Home?**

Local planning authorities should put in place planning obligations to ensure that Starter Homes are offered for sale at a minimum of 20% below its open market value of the property. Such properties are expected to be offered to people who have not previously been a home buyer and want to own and occupy a home, and who are below the age of 40 at the time of purchase.

### **How will the minimum 20% discount for Starter Homes be funded?**

To deliver the minimum 20% discount, local planning authorities should not seek section 106 affordable housing contributions, including any tariff-based contributions to general infrastructure pots, from developments of Starter Homes. Local planning authorities will still be able to seek other section 106 contributions to mitigate the impact of development to make it acceptable in planning terms, including addressing any necessary infrastructure. Local planning authorities will also be eligible for the New Homes Bonus on Starter Homes.

## **How should the discount and age restriction for Starter Homes be enforced?**

On Starter Homes exception sites, local planning authorities should include in the relevant section 106 agreement a requirement on the developer to offer Starter Homes to a first time buyer under the age of 40 for a discount of at least 20% below the open market value of the property, and for there to be appropriate restrictions to ensure that Starter Homes are not resold or let at their open market value for 5 years following the initial sale. Local planning authorities should enforce these planning obligations in the usual way.

## **What is the role of the national Starter Homes register and how should local planning authorities use it?**

The national Starter Homes Register (at [www.starter-home.co.uk](http://www.starter-home.co.uk) - a webpage managed by the Home Builders Federation allowing first time buyers to register their interest in the scheme) provides a valuable source of information about potential demand for Starter Homes and identifying who may be eligible for Starter Homes developments. Local planning authorities can use this as evidence when developing their Local Plan and associated documents. It will also allow those registering to receive information about Starter Homes sites as they start to emerge.

## **What land is suitable for Starter Homes exception sites?**

Starter Homes exception sites are expected to be on land that has been in commercial or industrial use, and which has not currently been identified for residential development. Suitable sites are likely to be under-used or no longer viable for commercial or industrial purposes, but with remediation and infrastructure costs that are not too great so as to render Starter Homes financially unviable.

The types and sizes of site suitable for Starter Homes are likely to vary across the country, and will reflect the pattern of existing and former industrial and commercial use as well as local market conditions. Land in both public and private ownership can be considered.

Where applications for Starter Homes come forward on such exception sites, they should be approved unless the local planning authority can demonstrate that there are overriding conflicts with the National Planning Policy Framework that cannot be mitigated.

## **What are underused or unviable industrial and commercial sites?**

Local planning authorities can take into account a number of factors when assessing whether an industrial or commercial site is underused or unviable. Indicators may include whether:

- the land value for the site is significantly below that of other sites with a similar permitted use in the area;
- there is a high percentage of vacant units, and whether these have been vacant for some time;
- land allocated for employment use has not been marketed actively for some period of time or, if actively marketed, has failed to attract any interest over a reasonable period of time; and
- there has been a lack of recent development activity to improve the commercial or industrial site.



Employment land which is being used productively or which is allocated and viable for employment purposes is not to be regarded as underused or unviable.

### **Should Starter Homes be allowed on land allocated for industrial or commercial use in local plans which has not been developed?**

Land allocated for industrial or commercial use in local or neighbourhood plans can be used for Starter Homes, but only where it is clear that the land is no longer required or viable for those purposes. Local planning authorities should keep allocated employment land under regular review as required under paragraph 22 of the National Planning Policy Framework.

### **How should local planning authorities deal with Starter Homes as part of their five year housing supply?**

Local planning authorities should work with landowners and developers to secure a supply of Starter Homes exception sites suitable for housing for first time buyers. As such homes will come forward as windfall sites, local planning authorities should not make an allowance for them in their five-year housing land supply until such time as they have compelling evidence that they will consistently become available in the local area. Local planning authorities can count Starter Homes against their housing requirement.

### **What are the design requirements for Starter Homes developments?**

Starter Homes developments are expected to be well designed and of a high quality, contributing to the creation of sustainable places where people want to live, work and put down roots to become part of the local community. A new Design Advisory Panel set up by the Government, involving leading industry experts, is developing an initial set of exemplar designs for Starter Homes which we expect to publish shortly for wider comment. While recognising the need for local flexibility, we would expect these designs over time to become the default approach to design to be considered for Starter Homes developments. In addition, local planning authorities can make use of a range of processes such as design codes and Design Review to help achieve good design of Starter Home schemes. These could also be of use alongside industry tools such as the housing design checklist and Building for Life 12.

It is important to involve local communities in shaping the design of schemes in their local areas, and local planning authorities are encouraged to make use of appropriate consultative and participatory approaches as the current design section of planning practice guidance emphasises.

### **Can market homes be built on Starter Homes sites?**

Local planning authorities can use their discretion to include a small proportion of market homes on Starter Homes exception sites where it is necessary for the financial viability of the site. The market homes on the site will attract section 106 or Community Infrastructure Levy contributions in the usual way.

## **3 ISSUES**

- 3.1 Assessing affordability involves comparing house cost against the ability to pay. The ratio between lower quartile house prices and the lower quartile income or earning can be used to assess the relative affordability of housing. The Department for Community and Local Government publishes quarterly ratios of the lower quartile house price to the lower quartile earnings by local authority district. The table below sets out these ratios up to 2013.

### Ratio of lower quartile house price to lower quartile earnings, 2000 to 2013

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013*
Burnley	1.76	1.21	0.95	1.67	1.39	2.09	2.71	3.65	3.66	3.07	2.94	2.68	2.70	2.36
Chorley	3.63	3.18	3.47	4.32	5.78	6.72	6.33	7.06	6.41	5.87	5.99	6.40	5.97	6.12
Fylde	3.34	3.65	3.67	4.10	5.39	6.51	7.25	6.72	5.78	5.69	5.62	6.34	7.20	6.22
Hyndburn	1.97	1.70	1.73	1.80	2.74	3.89	4.56	4.85	5.04	4.18	3.93	3.30	4.10	3.83
Lancaster	3.31	3.10	2.95	3.86	5.20	6.03	6.35	6.31	6.37	5.14	5.93	5.56	5.73	5.43
Pendle	1.74	1.72	1.58	1.59	1.96	2.35	3.42	3.72	4.21	3.87	3.37	3.68	3.41	3.25
Preston	2.72	2.82	2.77	3.20	4.52	5.27	5.79	5.91	5.76	4.89	4.66	4.32	4.89	4.37
Ribble Valley	4.62	4.18	4.41	5.42	8.00	7.30	7.92	7.97	7.87	7.61	6.84	7.38	6.88	7.45
Rossendale	2.91	2.56	2.40	2.74	4.29	4.75	5.10	5.83	5.54	4.90	5.00	4.49	4.45	4.75
South Ribble	3.16	3.56	3.50	4.40	5.95	6.28	6.94	6.74	7.00	6.22	6.46	6.44	6.25	5.83
West Lancashire	3.80	3.84	4.28	4.88	6.24	6.99	6.23	7.02	6.36	6.16	6.78	6.90	6.68	6.86
Wyre	3.89	3.71	4.54	5.02	6.40	7.11	7.93	8.08	7.29	7.03	7.24	5.24	6.02	6.12
<b>Lancashire (12 districts)</b>	<b>2.95</b>	<b>2.81</b>	<b>2.85</b>	<b>3.18</b>	<b>4.11</b>	<b>4.37</b>	<b>5.14</b>	<b>5.62</b>	<b>5.46</b>	<b>5.00</b>	<b>5.27</b>	<b>5.10</b>	<b>5.22</b>	<b>4.95</b>

3.2 This evidence along with the following table which sets out the house sale values at a snapshot in time (February 2016) compared to income in Ribble Valley. This supports the fact that a 20% discount from open market value does not make the property affordable to those in affordable housing needs in the borough and therefore it is not an affordable housing product we would accept as addressing housing needs.

<b>PARISH</b>	<b>MEDIAN HOUSE PRICE</b>	<b>HOUSE PRICE TO INCOME RATIO</b>
Sabden	£138,500.00	5.7
Barrow	£141,500.00	5.8
Ramsgreave	£142,500.00	5.8
Billington	£150,250.00	6.1
Gisburn	£162,500.00	6.6
Longridge	£163,500.00	6.7
Chatburn	£190,000.00	7.8
Clayton Le Dale	£200,000.00	8.2
Grindleton	£201,000.00	8.2
Mellor	£202,500.00	8.3
Ribchester	£215,000.00	8.8
Wilpshire	£218,000.00	8.9
Waddington	£218,000.00	8.9
Simonstone	£225,000.00	9.2
Langho	£230,000.00	9.4
Read	£234,000.00	9.6
Chipping	£245,000.00	10
Sawley	£247,475.00	10.1
Worston	£290,000.00	11.9
Whalley	£294,250.00	12

<b>PARISH</b>	<b>MEDIAN HOUSE PRICE</b>	<b>HOUSE PRICE TO INCOME RATIO</b>
Chaigley	£302,475.00	12.4
West Bradford	£316,000.00	12.9
Paythorne	£330,000.00	13.5
Osbaldeston	£356,750.00	14.6
Hothersall	£385,000.00	15.7
Wiswell	£442,500.00	18
Rimington	£467,500.00	19.1
Thornley	£492,500.00	20
Twiston	£545,000.00	22
Pendleton	£630,000.00	25.7
Bolton By Bowland	£700,000.00	28.6

**Median gross annual income for Ribble Valley as of April 2015 £24,468**

3.3 The level of discount required to make home ownership affordable is agreed as being 30% from open market value in the market towns of Clitheroe and Longridge and 40% across the remainder of the borough as set out in the Addressing Housing Needs Policy.

**4 RISK ASSESSMENT**

4.1 The approval of this report may have the following implications:

- Resources – No resources identified.
- Technical, Environmental and Legal – Developers may try to incorporate starter homes within the offer from the site but this will be challenged as we have supporting evidence as to why these units would not be considered affordable.
- Political – Important to ensure that affordable units we secure meet housing needs and remain affordable in perpetuity.
- Reputation – To ensure all affordable housing products remain as a priority to residents of the borough and are seen of benefit to the borough.
- Equality & Diversity – No implications identified.

**5 RECOMMENDED THAT COMMITTEE**

5.1 Agree that the Starter Homes with a 20% discount, for only 5 years and no local connection requirement will not be accepted as part of the affordable housing offer on any proposal.

RACHAEL STOTT  
HOUSING STRATEGY OFFICER

MARSHAL SCOTT  
CHIEF EXECUTIVE

For further information please ask for Rachael Stott, extension 4567.

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO HEALTH & HOUSING COMMITTEE

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Agenda Item No. 7

meeting date: THURSDAY, 31 MARCH 2016  
title: REGISTERING AS A REGISTERED PROVIDER  
submitted by: MARSHAL SCOTT – CHIEF EXECUTIVE  
principal author: RACHAEL STOTT – HOUSING STRATEGY OFFICER

## 1 PURPOSE

1.1 This report proposes that Ribble Valley Borough Council proceed to register as a provider of affordable housing with the DCLG.

1.2 Relevance to the Council's ambitions and priorities:

- Community Objectives – To assist in assessing affordable housing needs in the borough.
- Corporate Priorities – To continue to be a well-managed Council providing services based on customer need.
- Other Considerations – None.

## 2 BACKGROUND

2.1 At Committee in January 2016 it was approved that further investigation would be carried out into the merits of registering as a provider of affordable housing.

## 3 ISSUES

3.1 All investigative work into registering as a registered provider suggests that this will be a positive step for the Council and for the delivery of affordable housing. We visited Craven District Council and discussed their experience and that of Harrogate Council. This was useful and informative and all feedback was supportive of the process.

### **Delivery of s106 Affordable Homes**

The majority of affordable housing is now built by private developers on mixed tenure sites and transferred on completion to one of the Council's partner housing associations, now known as Registered Providers (RPs).

Transfer prices are less than build cost which means that RPs are able to let homes to people at subsidised rents or sell them on a shared ownership basis to those on local incomes. No grant is generally payable on s106 sites.

Usually, the Council requires a split of 50% affordable rent and 50% shared ownership when negotiating the affordable housing requirement on a given site. Intermediate homes are typically for local working households who cannot afford market housing, often prospective first time buyers. Intermediate housing accords with the National Planning Policy Framework (NPPF) definition of affordable housing.

In Ribble Valley, the Council's RP partners, St Vincent's, Ribble Valley Homes, Adactus and Great Places have bought all s106 homes to date. It is now proposed that the Council considers buying some units along with its partner RPs and starts to

acquire some s106 homes for onward sale as shared ownership housing. Increasingly, local authorities are buying s106 homes built by private developers on mixed tenure sites and making them available as shared ownership (or rented) affordable housing.

The proposal represents an opportunity for the Council to directly assist in providing intermediate housing to meet the needs of those first time buyers who live and work in the district, helping to support the local economy. The use of commuted sums represents another funding stream to displace RP borrowing that might otherwise have been used to purchase these homes, freeing it up to be spent on affordable housing elsewhere. It is also particularly important to maximise funding sources at a time when some RPs are nearing borrowing capacity.

Recently, the number of s106 opportunities across Ribble Valley has increased following an increase in applications prior to reaching the 5 yr supply. Sites are usually secured by an RP prior to building work starting however recently we have received applications to vary the agreement and convert units to discount sale because an RP cannot be secured.

### Financial Implications

On s106 sites, purchasers will typically pay 40-50% of the value of shared ownership housing to buy a 40-50% share of the property. They may buy further 'tranches' until they own it outright (but can only buy up to 80% of equity in rural areas) and this must be at full market value.

Rent at 2.75% of the unsold equity is payable by the purchaser to the Council, however there is no management or maintenance liability on the Council. This rests fully with the occupier. The Council may however wish to take on responsibility for structural repairs and maintenance and recharge the cost of any such works, as it will hold the freehold of the property. The standard Homes and Communities Agency lease applies.

The Council can own up to 100 shared ownership dwellings without the need to open a Housing Revenue Account. Shared ownership housing is not subject to the Right to Buy, so there is no requirement to control the dwellings through a separate trading company.

The working example below illustrates how the purchase and sale of a shared ownership house on a s106 site works:

		£
1.	Market Value Property at time of build	160,000
2.	Approx RP purchase price	(66,500)
3.	On costs (legal and marketing)	(2,000)
4.	43% sold to Purchaser	68,500
5.	Balance for Rental 58%	91,500
6.	Rental @ 2.75% per annum	2,516
7.	Rental per month	209.69
8.	Purchaser wishes to acquire further 10% ownership 2 years	88,192
9.	Property Market Value (assumed 2% increase each year)	166,400
10.	Purchase price	16,640
11.	Balance for Rental 47%	78,208
12.	Rental @ 2.75% per annum	2,151
13.	Rental per month	179

For example, it is reasonable to expect that a site of 20 homes would deliver 30% affordable housing (8) and of those, 50% (4) would be intermediate sale. This would require £266,000 to make the initial purchase of four homes until these homes were sold; to which conveyancing and marketing on costs should be added.

Using the approach above there will be a requirement for upfront funding of £68,500 per unit until 43% of the equity in the dwelling can be sold. This capital receipt must be reinvested in affordable housing as any 'subsidy' released must be re-used for the provision of affordable housing. If not, the homes fail to meet the definition of affordable housing contained within Annex 2 of the NPPF and will breach the requirements of the s106 agreement that binds them.

As the purchase costs are fixed, the Council does not carry the risks of cost overruns. In practice, the Council would aim to have identified a purchaser for the dwelling before completion in order to achieve a back to back sale, making funding requirements short term and fully recoverable. If there is a delay in selling the property, the Council may incur some council tax liability and will lose interest on its commuted sum used to fund the acquisition.

The Council's conveyancing costs may be added to the sale price and recouped by the Council. Shared ownership homes may be marketed through the HelptoBuy zone agent (Great Places Housing), but also via estate agents, Rightmove, local press etc.

The receipts from rent charged on the unsold equity can be placed into the general fund and do not have to be used for affordable housing. It is not yet clear whether there are restrictions on the use of capital receipts generated as purchasers buy further 'tranches' in the property at market value; i.e. whether they too should be recycled for affordable housing provision or can be used for any purpose. Clarification is being sought on this aspect from DCLG.

However there is no risk to the Council, as it will recoup its initial capital outlay plus on-costs on first sale of the property. It will then continue to receive rental income on the unsold equity, reducing as further tranches are acquired by the occupier, until such time as the property is sold outright.

The Council may use commuted sums to purchase affordable homes for intermediate (shared ownership) sales provided the terms of the s106 Agreement do not prohibit it.

The Council has the power to develop housing under Part II of the Housing Act 1985 which can be owned without the need for a HRA by requesting a s74 (3)(d) direction of the Local Government and Housing Act 1989. DCLG through this direction will restrict RVBC under Part II to own fewer than 50 fully owned houses or 100 shared ownership ones.

## 4 RISK ASSESSMENT

### 4.1 The approval of this report may have the following implications:

- Resources – Any investment would be through income from commuted sums of the affordable housing contribution from the site.

There is a small risk that either there is insufficient demand or that lenders will not lend against this product. Some difficulties were experienced national with lenders during the period of economic decline when shared ownership was seen as a niche market. This was particularly the case with any rural shared ownership units because of the restrictions on outright ownership. The situation

now is much improved with lenders and there is widespread acceptance now of the standard Government Approved Shared ownership Lease.

- Technical, Environmental and Legal – Legal advice will be required as part of the registration process. The Council may use commuted sums to purchase affordable home for intermediate sale providing the terms of the Section 106 do not prohibit it. The Council has the power to develop housing under Part 2 of the Housing Act 1985 which can be owned without the need for HRA by requesting a Section 74(3)(d) direction of the Local Government and Housing Act 1989. DCLG confirms whether the direction will be granted and this is part of the registration process.
- Political – Essential the Council maintain affordable housing delivery.
- Reputation – To maintain delivery of affordable housing in the borough is a priority and to seek a benefit for the local community from all new development sites.
- Equality & Diversity – No implications identified.

## 5 **RECOMMENDED THAT COMMITTEE**

5.1 Note the contents of the report.

5.2 Approve the Council proceed to register as a Registered Provider of affordable housing.

RACHAEL STOTT  
HOUSING STRATEGY OFFICER

MARSHAL SCOTT  
CHIEF EXECUTIVE

### BACKGROUND PAPERS

None.

For further information please ask for Rachael Stott, extension 4567.

REF: RS/CMS/H&H/31 March 2016

# RIBBLE VALLEY BOROUGH COUNCIL

## REPORT TO HEALTH AND HOUSING COMMITTEE

INFORMATION

Agenda Item No 8

meeting date: 31 MARCH 2016  
title: CAPITAL PROGRAMME 2016/17  
submitted by: DIRECTOR OF RESOURCES  
principal author: ANDREW COOK

### 1 PURPOSE

- 1.1 To inform members of the schemes which have been approved for inclusion in the capital programme for this Committee for the 2016/17 financial year.

### 2 BACKGROUND

- 2.1 As members will be aware, this Committee agreed a proposed three year capital programme for 2016-2019 at its meeting on 22 October 2015. As it stood at that time the draft capital programme across all the committees was unaffordable. The proposals have since been reviewed by Budget Working Group and Corporate Management Team in order to arrive at an affordable programme for 2016-2019.
- 2.2 Following recommendation by a special meeting of Policy and Finance Committee on 9 February 2016, Full Council approved the three year capital programme for 2016-2019 on 1 March 2016.
- 2.3 The recommended capital programme for the three year period 2016-2019 totals £2,644,660 for all committees. The total for this Committee is £833,000 over the three year life of the programme. £411,000 of this relates to the 2016/17 financial year.
- 2.4 Since approval of the budget for this committee it has been confirmed that the Disabled Facility Grant funding for 2016/17 will be £273,220. The budget was initially set at £161,000 on the basis that this would be changed to match the exact DFG funding that is received. Therefore the capital programme has been increased by the difference of £112,220 to £523,220 for this committee

### 3 CAPITAL PROGRAMME 2016/17 – APPROVED SCHEMES

- 3.1 For this Committee there are three schemes approved in the 2016/17 capital programme, totalling £523,220. These are shown in the table below.

Scheme	Budget for 2016/17 £
Disabled Facilities Grants (Originally set at £161,000 – final allocation is £273,220)	273,220
Landlord/Tenant Grants	75,000
Clitheroe Market Improvements ( <i>Final plans to be confirmed</i> )	175,000
<b>Total - Health and Housing Committee</b>	<b>523,220</b>

- 3.2 The detailed information for each scheme is shown in **Annex 1**.



- 3.3 The Clitheroe Market Improvements scheme budget was initially approved in 2015, before the market re-development scheme plans were announced. The Clitheroe Market Improvements scheme remains in the capital programme for now, but the detail of the scheme will now be reviewed to take into account and complement the market re-development scheme. Updated plans for the scheme budget will be reported to members at a future Health and Housing Committee meeting.
- 3.4 During the closure of our capital accounts there may be some slippage on schemes in the current year, 2015/16. One of the tasks of the Budget Working Group will be to review any requests for slippage on capital schemes within the 2015/16 capital programme. A report will be brought to this Committee at a future meeting, giving details of any slippage.
- 3.5 Responsible officers will complete and update capital monitoring sheets for each scheme, which will be reported quarterly to members to give an indication of progress.
- 4 CONCLUSION
- 4.1 This Committee has a capital programme for 2016/17 of £523,220. The programme consists of three schemes.
- 4.2 The Disabled Facilities Grants scheme budget has been increased to match the level of funding that has now been confirmed as £273,220 rather than the budgeted £161,000
- 4.3 The detail of the Clitheroe Market Improvements scheme will be reviewed to take into account and complement the recently announced market re-development scheme.
- 4.4 Any slippage on schemes in the 2015/16 capital programme will be added onto the 2016/17 capital programme.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

HH4-16/AC/AC  
17 March 2016

For further background information please ask for Andrew Cook.

BACKGROUND PAPERS – None

**HEALTH AND HOUSING COMMITTEE**  
**Schemes Approved for the 2016/17 Capital Programme**

## *Disabled Facilities Grants*

Service Area: Housing and Regeneration

Head of Service: Colin Hirst

### **Brief Description:**

The scheme provides mandatory grant aid to adapt homes so elderly and disabled occupants can remain in their own home. The maximum grant is £30,000 and for adults is means tested. The grants can provide for minor adaptation, for example the installation of a stair lift, up to the provision of a bathroom and bedroom extension.

### **Overriding aim/ambition that the scheme meets:**

To make people's lives safer and healthier.

### **Government or other imperatives to the undertaking of this scheme:**

The grants are mandatory. The Council has a statutory duty to provide adaptations as instructed by the Occupational Therapist. Grant funding is provided by the Lancashire Better Care Fund to fund this scheme.

### **Improving service performance, efficiency and value for money:**

Provision of an adequate Disabled Facilities Grants budget ensures households can be offered assistance once a referral has been received.

### **Consultation:**

Bi-monthly meetings with Occupational Therapists and regular contact with technical staff.

### **Start date, duration and key milestones:**

The Disabled Facilities Grants budget operates on a financial year basis, April to March.

### **Financial Implications – CAPITAL:**

Breakdown	2016/17 £
Grant payments	273,220
<b>TOTAL</b>	<b>273,220</b>
<b>Sources of External Funding – From the Lancashire Better Care Fund (NB – 2016/17 allocation confirmed as £273,220 rather than the budgeted £161,000</b>	<b>-273,220</b>
<b>NET COST TO THE COUNCIL</b>	<b>0</b>

**HEALTH AND HOUSING COMMITTEE**  
**Schemes Approved for the 2016/17 Capital Programme**

**Financial Implications – ANNUAL REVENUE:**

Breakdown	£
Existing Service – no change	-

**Useful economic life:**

No comment made.

**Additional supporting information:**

The provision of Disabled Facilities Grants is a statutory function of the Council. It helps address the housing needs of the borough, an ambition of the Council.

**Impact on the environment:**

All equipment is maintained to enable it to be recycled, where possible.

**Risk:**

- **Political:** *The population age of Ribble Valley occupants is increasing and therefore demand for the service will continue.*
- **Economic:** *A high % of applicants pass the means test in the current economic climate.*
- **Sociological:** *Increased expectation that disabled applicants will remain at home through adaptation of the property.*
- **Technological:** *Improvements in technology allow the specific needs of the applicants to be met.*
- **Legal:** *N/A.*
- **Environmental:** *N/A.*

**HEALTH AND HOUSING COMMITTEE**  
**Schemes Approved for the 2016/17 Capital Programme**

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## *Landlord/Tenant Grants*

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**Service Area:** Housing and Regeneration

**Head of Service:** Colin Hirst

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### **Brief Description:**

The scheme match funds a landlord's investment in a property in return for an affordable rental property. Conditions of the grant are nomination rights and a set rent level in line with LHA. The scheme is crucial for move on accommodation for families in the hostel as the social housing waiting list is so long. The scheme is also used to bring empty properties back into use.

### **Overriding aim/ambition that the scheme meets:**

To match the supply of homes in our area with the identified housing need.

### **Government or other imperatives to the undertaking of this scheme:**

We have a statutory duty to find homeless households affordable housing and without this scheme we would be reliant on social housing.

### **Improving service performance, efficiency and value for money:**

The scheme improves service performance in that the length of time families stay in temporary accommodation is reduced. The service is improved in that we are able to offer a housing choice through the scheme.

### **Consultation:**

Landlords are consulted through a newsletter and discussion about the scheme held at the Housing Forum.

### **Start date, duration and key milestones:**

The scheme runs through the financial year and has run successfully for over 15 years.

### **Financial Implications – CAPITAL:**

Breakdown	2016/17 £
Grant payments	75,000
<b>TOTAL</b>	<b>75,000</b>

**HEALTH AND HOUSING COMMITTEE**  
**Schemes Approved for the 2016/17 Capital Programme**

**Financial Implications – ANNUAL REVENUE:**

Breakdown	£
Existing Service – no change	-

**Useful economic life:**

No comment made.

**Additional supporting information:**

The scheme has become popular with landlords and the number of properties we have nomination rights to through the scheme increases annually. These properties are essential in providing a Housing Needs Service.

**Impact on the environment:**

In renovating the property we ensure energy saving measures are installed.

**Risk:**

- **Political:** *The scheme has had very positive political support and has been highlighted as good practice by a DCLG Homeless Specialist Advisor.*
- **Economic:** *Encourages investment in properties in the lowest council tax bands.*
- **Sociological:** *Choice of tenure for low income households is required.*
- **Technological:** *No comment made.*
- **Legal:** *Changes to Local Housing Allowance will impact on the scheme. Any reduction will have a negative impact as landlords will not agree to lower rent.*
- **Environmental:** *No comment made.*

HEALTH AND HOUSING COMMITTEE  
Schemes Approved for the 2016/17 Capital Programme

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## *Clitheroe Market Improvements Scheme*

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Service Area: Clitheroe Market

Head of Service: (Previously) James Russell

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### NOTE

The Clitheroe Market Improvements scheme bid for 2016/17 was initially approved in 2015, before the separate market re-development scheme plans were announced. There is now no need to progress the Clitheroe Market Improvements scheme in its original format because the market re-development scheme now fulfils the aim of improving Clitheroe Market for the future.

The Clitheroe Market Improvements scheme remains in the capital programme for now, but the detail of the scheme will be reviewed to take into account and complement the market re-development scheme.

Updated plans for the scheme budget will be reported to members at a future Health and Housing Committee meeting.