
NEW BUILD COUNCIL HOUSING AND THE AFFORDABLE RENTS MODEL

**Responsible Cabinet Member - Councillor Veronica Copeland,
Adult Social Care and Housing Portfolio**

**Responsible Director – Paul Wildsmith,
Director of Neighbourhood Services and Resources**

SUMMARY REPORT

Purpose of the Report

1. This report seeks approval for the release of funding from the annual Housing Capital Programme to provide 66 new Council homes for rent. It also proposes that all new build Council housing should be offered at affordable rents.

Summary

2. The Homes and Communities Agency (HCA) have approved the Council's bid to its Affordable Housing Programme 2015/18 to provide 66 houses and flats. The total cost of the new build programme is £8.4m and with HCA grant funding of £1.2m the contribution required from the Housing Capital Programme is £7.2m over a two year period of 2015/2017.
3. A number of grant conditions apply, including a requirement to let the properties at affordable rents. Minute C10/Jun/14 refers to Cabinet's previous approval to release funding for a new build scheme of 24 flats on the Branksome estate fully funded by the Housing Capital programme and it is proposed that rents for these properties should also be charged at affordable rents.

Recommendation

4. It is recommended that :-
 - (a) £7.2m from the Housing Capital Programme is released for the provision of 66 new Council homes.
 - (b) The Director of Neighbourhood Services and Resources be authorised to proceed with those works indicated at Paragraph 7 in the report subject to planning consent.

- (c) The rents for these homes and those built at Eggleston View, Branksome, are charged at affordable rent levels.
- (d) All future new build Council housing should be charged at affordable rents

Reasons

5. The recommendations are supported by the following reasons :-
- (a) There is a need to meet the demand for more low cost housing options for rent.
 - (b) HCA grant funding requires rents to be charged at an affordable rent level and applying the same rent model at Eggleston View will provide consistency.

**Paul Wildsmith,
Director of Neighbourhood Services and Resources**

Background Papers

No background papers were used in the preparation of this report

Pauline Mitchell : Extension 2505

S17 Crime and Disorder	All works will be carried out to Secure by Design standards to minimise potential criminal activity.
Health and Well Being	The homes are being built to sustainable Code Level 3 to maximise energy efficiency and households living in these properties will benefit in terms of their health and well-being.
Carbon Impact	The properties will be designed to enable low carbon emissions
Diversity	There are no issues
Wards Affected	The building works will take place in Park East, Houghton East and Lascelles Park Wards.
Groups Affected	The residents living opposite or nearby to the building work will be affected by the noise and disturbance associated with the proposed works but the disruption will be kept to a minimum with care taken around hours of activity. Applicants for social rented housing will benefit from the increase choice available.
Budget and Policy Framework	This decision does not represent a change to the budget and policy framework.
Key Decision	This is not a key decision as the spend has previously been agreed.
Urgent Decision	This is not an urgent decision.

One Darlington: Perfectly Placed	The recommendation will help to achieve the Perfectly Placed priority by improving the housing offer.
Efficiency	Modern new build properties are more effective and efficient in terms of future maintenance requirement.

MAIN REPORT

Information and Analysis

New Building Council Housing

6. Cabinet approved a grant application to the Homes and Communities Agency's Affordable Housing Programme 2015-18 in April 2014. Cabinet also delegated authority to the Director of Neighbourhood Services and Resources, in consultation with the Cabinet Portfolio holder for Adult Social Care and Housing, to agree the detailed elements of the funding bid prior to submission to the HCA. It was made clear timescales were tight to meet the bid deadline and sites at Fenby Avenue, Lascelles Park together with several small sites at Redhall were originally identified for potential development.
7. Following detailed site surveys and initial public consultation, development is now proposed for:
 - (a) 12 two bedroomed flats and 10 two bedroomed houses at Fenby Avenue, Lascelles Park.
 - (b) 12 two bedroomed flats at Badminton Close, Redhall .
 - (c) 8 two bedroomed flats at Deepdale Way, Redhall.
 - (d) 24 two bedroomed flats at Hammond Drive, Skerne Park.
8. The proposals will be subject to the planning process that will determine the precise design and numbers each site can accommodate and that will involve its own consultation processes.
9. The bid to the HCA was for grant of £1.2m to provide 66 flats and houses, reflecting successful bids made in previous Affordable Housing Programmes. It also reflected data on housing demand in Darlington and the relatively low numbers, in particular of 2 bedroomed flats in our current housing stock. Two-bedroomed accommodation has the additional benefit of being suitable for a wide range of ages and household mixes. The HCA have approved our bid in full and the proposal is to commence this new build programme in April 2015 and phase the works over the two year period 2015/17.

All properties would be built to Sustainable Code 3, including Solar PV Panels to provide a high level of energy efficiency. Subject to the release of capital funding it is proposed that the building works would be undertaken by Building Services.

Affordable Rents Model

10. A number of grant conditions apply to the HCA funding being offered, including a requirement to let the properties at affordable rents. An Affordable Rent is 80% of an open market rent and is therefore generally higher than a social housing rent. The primary purpose of introducing Affordable Rent is to generate more resources to support new development at a time when Government Support has been reduced.
11. In addition to charging affordable rents for new build in receipt of HCA grant, the Council also has the option to charge affordable rent for any new build scheme, including the development at Eggleston View where building work is due to start later in the year funded entirely from the HRA. Rent conversion of re-lets to affordable rents is also now possible but has so far not proved to be a popular option. There is a general expectation that rents for new properties will be more expensive but it is difficult to market and justify why there should be rent differentials for existing properties which are identical. It is therefore proposed that affordable rents should only apply for all newly built properties.
12. For comparison purposes the charge for an affordable rent for a large two bedroomed flat at Redhall would be around £76 per week compared to £69.28 for a social rent and similarly an affordable rent at Lascelles Park for a two bedroomed house would be around £88 compared to £75.74 for a social rent.

Financial Implications

13. The total scheme cost has been estimated at £8.4m and with HCA grant of £1.2m the contribution required from the Housing Capital Programme is £7.2m. The works will be funded from the Housing Revenue Account.

Outcome of Consultation

14. Local residents have been consulted as part of the Making and Growing Places consultation and their feedback reflected in the final scheme layout. Members of the Tenant's Board have undertaken site visits and are supportive of the proposals. They also consider the charging of affordable rent to be appropriate for all new build schemes.