



Community & Regeneration Scrutiny Committee

Briefing Paper

Report of: Kate Bailey, Strategic Housing Services Manager
Date: Thursday, 3rd March 2011
Open

Funding for Affordable Housing

1. Summary

- 1.1 To consider a bid for funding for Affordable Housing through the Capital Strategy.
- 1.2 The Cabinet Member for Housing & Environmental Services has been given responsibility to make decisions on the award of financial support for Affordable Housing through the Council's capital following consultation with the Community & Regeneration Scrutiny Committee. Should the Cabinet Member for Housing & Environmental Services disagree with Community and Regeneration Scrutiny Committee's recommendation, the matter would be referred to the Cabinet for a final decision.

2. Background

- 2.1 The Council has a target within its Corporate Housing Strategy to provide more affordable housing. It has also committed to delivering affordable housing through the countywide Local Area Agreement target (2008/11) to contribute to the provision of 1175 homes – the Wyre Forest proportion of this is 250. To date a total of 174 units have been provided and we have delivered a further 31 units this year (2010/11) but due to severe cuts in funding to the Homes and Communities Agency and no new affordable housing being delivered via Section 106 monies, Wyre Forest is unlikely to meet its target for affordable housing delivery in 2010/11.
- 2.2 The Council has a legal obligation, through the Housing Act 1996, to secure accommodation for those people to whom it owes a full rehousing duty to because of their homelessness. However due to the shortage of permanent accommodation households often spend many months in temporary accommodation.
- 2.3 The use of Bed and Breakfast accommodation is very costly to the Council, despite the recently negotiated contracts with Bed and Breakfast providers. The reduction of use of Bed and Breakfast represents real revenue savings to the Council. In the last year the

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Council has reduced the spend on Bed and Breakfast by £50,000 through offering a variety of prevention measures and alternative accommodation but it is hard to envisage how more reductions can be achieved without greater provision of social housing.

- 2.4 Cabinet approved the Temporary Accommodation Reduction Plan in November 2009 which proposes increasing the supply of social housing as a method of reducing use of Bed and Breakfast and Temporary Accommodation. Reducing Temporary Accommodation use is also important to meet our Business Plan targets of only having an average of 25 units of accommodation in use on average throughout the year. Unfortunately during 2009/10 this target was not met due to the number of placements made into Bed and Breakfast and delays in moving people on through a lack of suitable accommodation.
- 2.5 Previously the Cabinet Member for Housing and Environmental Services has agreed to support the purchase of accommodation to be used as shared housing as an alternative to Bed and Breakfast accommodation and East Street provided two additional units of permanent affordable accommodation.

3. Key Issues

- 3.1 In 2007 / 08 an assessment of the accommodation and support needs of young people was undertaken by the District Councils and Supporting People. This assessment identified the need for floating support, subsequently commissioned and provided by St Basils and for two Foyer's, one in Bromsgrove and one in Kidderminster. Foyers are supported accommodation schemes for 16 – 25 year olds where residents must commit to undertaking some form of employment, education or training as a condition of occupation. West Mercia Housing Group were identified as the partner Registered Provider and the first Foyer, in Bromsgrove, was opened in October 2010. Planning consent for the Kidderminster Foyer was granted at the end of 2010, for a site in Bromsgrove Street.
- 3.2 The Bromsgrove Street site will deliver 19 units of accommodation with shared communal space and activity rooms and will be managed by St Basils. St Basils will also provide the support to the young people.
- 3.3 A funding bid was submitted to the Homes and Communities Agency in 2008/09 but was rejected as planning consent on the site had not been obtained. Since then the HCA has experienced a 70% cut in capital resources and therefore competition for the new bidding round (2011 – 15) will be great.
- 3.4 The HCA have indicated in their prospectus that they will be only considering bids where other financial resources from other sources are identified and utilised e.g. funding from District Councils in the form of grants, free land etc, funding from the Registered Provider

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themselves, cross subsidised from s106 sites, sales of stock or the new affordable rent properties and so grant from the HCA becomes the last resort for funding affordable housing schemes. It is not clear from the HCA prospectus how they will view supported housing schemes where the new affordable rent model would be inappropriate as residents are the most likely to be unable to afford the higher rent levels and the service charges would be likely to take the rent above the maximum limit 80% of market rent anyway.

- 3.5 The site is owned by the County Council and they are proposing a sale price of £100,000 to West Mercia. The District Council has written a business case to the Childrens Services commissioning team to argue for free or discounted land as the provision of accommodation of this nature will lead to a reduction in revenue costs for Childrens Services as they could potentially utilise the accommodation instead of more expensive foster placements etc. It may be that the HCA will not consider this scheme for funding unless the County Council land is provided at free or discounted value.
- 3.6 To help reduce the grant rate requirement for the Foyer, thereby making it a more attractive option for the HCA, West Mercia Housing Group are requesting a grant from Wyre Forest District Council of £200,000 and this money has been set aside from the housing single capital pot due to the strategic relevance to the Council of this project. The site is located in an area targeted for regeneration, identified by the Re-Wyre Prospectus and will contribute to reducing homelessness and the use of temporary accommodation for young people, thereby producing a revenue saving for the council.

4. Options

- 4.1 To recommend to the Cabinet Member for Housing and Environmental Services that he approve the grant of funding for the building of nineteen units of affordable housing by the West Mercia Housing Group.

5. Consultation

- 5.1 Not applicable.

6. Related Decisions

- 6.1 Not applicable.

7. Relevant Council Policies/Strategies

- 7.1 The provision of more affordable housing is currently a corporate priority and the need to reduce the use of temporary accommodation is

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a priority set and monitored through National Indicators (likely to be continued by the Single Data Set).

8. Implications

- 8.1 Resources: There will be a requirement to spend 200k from the single housing capital pot but there should be a subsequent reduction in the level of revenue expenditure for Bed and Breakfast as a consequence of not accommodating households in this type of accommodation.
- 8.2 Equalities: The accommodation will be available to all young people approaching as homeless or potentially homeless where we believe they might be vulnerable and would otherwise have used Bed and Breakfast accommodation.
- 8.3 Partnership working: The Council has worked in partnership with West Mercia Housing Group and St Basils to develop this project.
- 8.4 Human Rights: Not applicable.
- 8.5 E-Government: Not applicable.
- 8.6 Best Value: The use of capital to reduce overall revenue expenditure is making more effective use of resources.

9. Equality Impact Needs Assessment

- 9.1 An Equality Impact Assessment for the Homeless and Housing Advice Service and the Homeless Strategy have been undertaken in 2009/10.

10. Wards affected

- 10.1 All.

11. Appendices

- 11.1 Bid for funding.

12. Background Papers

- 12.1 Temporary Accommodation Reduction Plan.
- 12.2 Homes and Communities Agency Prospectus.

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Appendix One

**Bid for funding for Affordable Housing through the Capital Strategy
Planning & Regulatory Services**

Date	3 rd March 2011		
Partner RSL	West Mercia Housing Group		
Scheme address	Bromsgrove Street, Kidderminster		
Details of units	No of units	No of beds	m ²
	19	bedsit	<p>11 x studios (c23 m2) - £56 pw (rent) + £54 (service charge)</p> <p>5 x studios (c29 m2) - £58 pw (rent) + £54 (service charge)</p> <p>3 x 1b2p flats (c47 m2) - £71 pw (rent) + £54 (service charge)</p>
Tenure	Rented		
Rent levels	All at target rents plus service charges – please see above for details		
Council's nomination arrangements for the scheme	100% for all lettings in conjunction with a referral panel including St Basils and the Housing Advice team		
Average grant per unit in HCA programme in district	Unknown at this current time		
Details of bids to the Homes & Communities Agency of other funders and the outcome	Bid will be made as part of the RP packages by May unless an opportunity is available earlier due to any underspend in the HCA budget for 2010/11.		
Is this bid for joint funding? If so please provide details.	A business case has also been made to the County Council requesting free land.		

