
SANCTUARY HOUSING ASSOCIATION DEVELOPMENT PROGRAMME

1 PURPOSE OF REPORT

- 1.1 To report on the tenure mix of the 363 properties referred to in the Deed of Variation, Termination and Collaboration between Rochford District Council and Sanctuary Housing Association (SHA) (Minute 92/16 refers).

2 INTRODUCTION AND BACKGROUND

- 2.1 The Deed of Variation agreed in June 2016 replaced the Rochford Housing Association Board with a committee responsible for monitoring overall operational performance and compliance with the Rochford Charter for Rochford District residents. The Deed of Variation includes a development objective requiring SHA to build 363 new dwellings in the District, with delivery (not build) being committed by 31 March 2018.
- 2.2 In discussion with SHA, it was confirmed that the number of affordable dwellings for all new SHA developments, as per the Deed of Variation, will be determined by the Government's current definition of affordability and the Council's planning policy for new affordable properties. This can be explained as follows:-
- When a site has over 15 units proposed, the Council's planning policy requires 35% of the total to be affordable housing, as per the Government definition.
 - Once the number of affordable units has been agreed, the Section 106 agreement will set out what type and how many properties are affordable (this is usually split between rented and shared ownership).
 - Currently the Council is looking for an 80/20 split in favour of affordable rented properties over shared ownership on all new developments.
 - SHA will sign a nomination agreement with the Council giving us nomination rights to the affordable housing development. This is usually 100% of the new affordable rented properties when completed, and then anywhere between 50% and 75% of future vacancies.
 - For those properties that are to be shared ownership units the Council will discuss with SHA a priority list for those residents on the housing waiting list, who could be given priority.

- 2.3 There are several ways for Sanctuary to meet the 363 total for new homes set out in the Deed of Variation. It should be noted that the Deed of Variation makes no distinction on the tenures of the new homes to be provided by SHA; it is understood this point is the key concern of the Review Committee, the view being that SHA is required to provide 363 'affordable' homes rather than a mix of market, affordable and shared ownership, as proposed.
- 2.4 The Deed states that SHA will build 363 dwellings in the district; these can be constructed by any Group Company of SHA. The requirement is that SHA liaises with the Planning team to agree the tenure mix and design proposals - tenure mix in general can mean anything from renting, buying outright or shared ownership. A further clause states that, with regard to SHA's social/affordable properties, these are to be let to applicants on RDC's Housing Register. So the Deed is about the build and the tenure mix of a development, but not in terms of tenure being restricted to affordable housing.
- 2.5 In terms of housing delivery, SHA could:-
- Make bids to private house builders in the District to deliver the 35% affordable portion of new development sites. SHA have made several successful bids, though it should be noted this is a competitive process against other housing associations – for example, CHP is delivering the affordable housing on the Hall Road, Rochford site.
 - Purchase development sites in the District and build a mix of market housing, together with 35% affordable and shared ownership, as per the Council's planning policy.
 - Build affordable housing on land currently in the ownership of SHA, i.e., old garage courts transferred to Sanctuary in 2007 as part of the stock transfer.
- 2.6 In reality, it is understood that SHA is pursuing all of these alternatives in order to deliver 363 new dwellings in the District.

3 CURRENT DEVELOPMENT POSITION AND PIPELINE

- 3.1 The current schemes in progress by SHA total 236 new units, of which 122 are affordable rent and 56 shared ownership (75% of the total). The remainder will be for open market sale. There is a pipeline of a further 268 dwellings, expected to include 105 affordable rent and 55 units shared ownership (60%), though at this stage the mix is unknown from the pipeline that will contribute to the balance of the required 363 dwellings.
- 3.2 The Deed of Variation, as mentioned above, does not specify that all 363 dwellings must be affordable homes or a mix of affordable and shared ownership. There is no doubt that looking at the current waiting list (about 800 entries) for housing, and considering the ongoing challenges faced by the

Council in dealing with homeless families, there is a need for more affordable housing in the District. However, there is also a need for more market housing.

- 3.3 The current arrangements for delivering new affordable housing nationally are largely tied to new market housing sites by planning policy. Whilst it may be the case that in some circumstances - usually where land for development is in public ownership - affordable (or perhaps even social rent) housing can be delivered without a proportion of market housing, this is rarely possible on sites allocated through a Development Plan. Unless there is a significant change in the Government's approach to the delivery of affordable homes, the most likely scenario for most sites remains a market led approach with 35% policy compliant affordable homes.
- 3.4 SHA and the Council continue to meet quarterly to update on the progress being made on all sites and it is proposed that regular development updates are cascaded to all Members in future Members' Bulletins.

4 RISK IMPLICATIONS

- 4.1 The commitment to deliver 363 new dwellings does have some risk, but this is offset by a financial penalty if SHA fails to meet the commitment.

5 RESOURCE IMPLICATIONS

- 5.1 The delivery of 363 new properties in the District is likely to equate to about £77,000 additional Council Tax income for the Council.

6 LEGAL IMPLICATIONS

- 6.1 The Deed of Variation contains penalty clauses in the event that Sanctuary is unable to deliver on their commitment. Members should also be aware that the Council and SHA are subject to the confidentiality clause contained within the agreement.
- 6.2 The Deed of Variation does not specify that all 363 dwellings must be affordable homes, or a mix of affordable and shared ownership.

7 RECOMMENDATION

- 7.1 It is proposed that Council **RESOLVES**

That the progress being made to achieve the SHA development objective of delivering 363 properties as a mix of market, affordable and shared ownership homes be noted.



Shaun Scrutton
Managing Director

Background Papers:-

None.

For further information please contact Shaun Scrutton on:-

Phone: 01702 318100

Email: Shaun.scrutton@rochford.gov.uk

If you would like this report in large print, Braille or another language please contact 01702 318111.