

PWYLLGOR CRAFFU CYMUNEDAU 12^{fed} O CHWEFROR 2016

Cynllun Darparu Tai Fforddiadwy

Ystyried y materion canlynol a chyflwyno sylwadau arnynt:

Gofynnir i'r Pwyllgor Craffu argymhell bod y Bwrdd Gweithredol yn:

- Cadarnhau'r strategaeth i ddefnyddio'r opsiynau sydd gennym eisoes i gynyddu'r cyflenwad o dai fforddiadwy i'r eithaf dros y pum mlynedd nesaf.
- Edrych ar opsiynau i gynyddu i'r eithaf nifer y tai newydd y gellir eu darparu a chyflwyno argymhellion erbyn Medi 2016.
- Cadarnhau'r dull ardaloedd gweithredu wrth ddarparu mwy o dai fforddiadwy mewn rhannau gwahanol o'r Sir.

Rhesymau:

- Pwrpas y cynllun hwn yw egluro sut y byddwn yn darparu dros 1000 o dai fforddiadwy ychwanegol dros y pum mlynedd nesaf, gyda chyfanswm y buddsoddiad yn fwy na £60 miliwn. Hefyd byddwn yn egluro sut y gallwn bron ddyblu nifer y tai ychwanegol trwy ddatblygu opsiynau ar gyfer darparu cynlluniau adeiladu newydd.
- Hefyd mae'r cynllun yn egluro lle bydd y tai hyn, pa adnoddau sydd ar gael ar hyn o bryd a sut y byddai modd inni ddarparu mwy o dai fforddiadwy yn y dyfodol.
- Galluogi darparu dros 1000 o dai fforddiadwy trwy fod yn hyblyg o ran yr opsiynau presennol a darparu'r hyn mae pobl wedi gofyn amdano fel rhan o'r 'Ymrwymiad i Dai Fforddiadwy'.
- Defnyddio amrywiaeth o atebion i gynyddu'r cyflenwad o dai fforddiadwy i'r eithaf ar draws y Sir.
- Edrych ar gynyddu rhagor ar y cyflenwad o dai fforddiadwy trwy ddefnyddio ein hasedau tir yn greadigol a gweithio mewn partneriaeth â'r sector preifat i sicrhau bod rhagor o dai newydd yn cael eu darparu.
- Sicrhau bod y cyflenwad o dai fforddiadwy yn adlewyrchu'r angen am dai ar draws y Sir.
- Llunio safbwyntiau i'w cyflwyno i'r Bwrdd Gweithredol eu hystyried.

Angen cyfeirio'r mater at y Bwrdd Gweithredol / Cyngor er mwyn gwneud penderfyniad: OES

**Bwrdd Gweithredol: 22ain o Chwefror 2016
Cyngor Sir: 10fed o Fawrth 2016**

Aelodau'r Bwrdd Gweithredol sy'n gyfrifol am y Portffolio:

- Cyng. Linda Evans (Tai)
- Cyng. David Jenkins (Adnoddau)

Y Gyfarwyddiaeth: Cymunedau	Swyddi:	Rhifau Ffôn / Cyfeiriadau E-bost:
Enw Pennaeth y Gwasanaeth: Robin Staines	Pennaeth Tai a Diogelu'r Cyhoedd	01267 228960 rstaines@sirgar.gov.uk
Awdur yr adroddiad: Jonathan Morgan	Rheolwr y Gwasanaethau Tai	01554 899285 jmorgan@sirgar.gov.uk

EXECUTIVE SUMMARY

COMMUNITY SCRUTINY COMMITTEE 12th FEBRUARY 2016

Affordable Homes Delivery Plan

Purpose:

We have recently published our five year vision¹ for maximising the supply of affordable homes. The purpose of this plan is to provide the detail on how and where we will deliver more homes. It will also outline what resources will be used and how more could potentially be accessed if we are flexible and creative.

The initial programme will deliver over **1000** additional affordable homes over the next five years, with a total investment exceeding **£60m**.

The plan will also explain how we could deliver an ambitious new build programme by looking at our delivery options. This will further increase the number of homes delivered and provide additional investment.

The plan will be reviewed on an annual basis to take advantage of further opportunities.

What is needed?

People told us that there is a need for smaller type homes, mainly for rent and for local people. People also told us that we need to maximise the use of existing under used homes to meet the need for affordable homes.

Our assessment of need told us that to meet the highest housing need we would have to provide at least 2,000 homes by 2020, an average of 400 every year. Historically, we have provided around 70 additional homes each year for the last five years. In 2015/16, however, we will deliver in excess of 200 additional affordable homes. This plan sets out how we will deliver even better performance.

This represents a huge challenge for our delivery plan, but is something that we will approach pro-actively to maximise the number of additional homes delivered. This will mean maximising the delivery and being flexible in the options we already use, as well as looking at creative solutions for new build in utilising our land asset. We need to make sure that the funding available goes as far as it can.

¹ 'Our commitment to Affordable Homes' 2015-2020

Our approach to delivery will be in line with the principles that were agreed as part of our Affordable Housing Commitment.

What solutions are available to us?

A variety of solutions have been looked at as part of the development of the delivery plan. Each solution will deliver more homes, but some are more cost effective than others.

In general terms, the delivery plan looks at the following solutions to deliver more affordable homes:

1. Managing additional tenancies in the private sector.
2. Bringing empty homes back into use.
3. Buying homes sold under the Right to Buy scheme (RTB) and buying private homes.

These options are the most cost effective; however, the plan does allow us to look at other solutions. These will be:

- Using our own land to initially deliver a limited number of new build homes ourselves.
- Making land available to build new homes in partnership with housing associations and the private sector.

So, how many affordable homes will be delivered over the next five years?

We know we will be able to deliver over 1000 additional affordable homes across the county over the next five years. This equates to a total investment in housing exceeding £60m.

This strategy shows how we will use our existing options to maximise delivery. This is based on getting better at what we do as well as providing additional resources. This approach is relatively straight forward and quick to deliver.

Funding such as Social Housing Grant will be targeted on the more expensive schemes in rural areas. We will use it to support wider regeneration initiatives and specialist type housing for people with disabilities. It makes more sense to use grant money for more expensive schemes.

The figures below highlight/confirm what will be delivered and forms the first part of our approach.

Solution	No. of homes	Funding Source	HRA investment (£millions)	Total Investment (£millions)
Managing homes in the private sector (including the Social Letting Agency)	242	HRA	1.1	1.1
Bringing empty houses back into homes	280	WG "Houses into Homes"/HRA	4.0	5.6
Buy existing private sector homes	187	HRA	20.2	20.2
Housing Association development – committed schemes	59	SHG		0.5 ²
Housing Association Development – future priorities				
• Rural Areas	6	SHG	0.1	1.0
• Regeneration Initiatives	43			5.3
• Unallocated Grant	77			10.3
Council New Build and Land Acquisition	45	HRA	5.6	5.6
• New Build Amman & the Amman Valley Llanelli & District				
• Land Acquisition Carmarthen & the West Carmarthenshire Rural and Market Towns				
Developers contributions to homes in the areas	88	Private Finance		11.0
Total	1027		£31.0m	£60.6m

What are the assumptions?

- Being able to maintain the Carmarthenshire Homes Standard as our first priority. Current projections are £415m over the next 30 years.
- Council house rents increasing by inflation plus 1.5% over the next five years.
- Being able to remain within our borrowing limits set by Welsh Government.
- Continuing to receive over £6m every year from Welsh Government for major repairs to existing Council homes.
- Additional revenue expenditure (£172k per year) being available to increase capacity to deliver some of the solutions, e.g. bringing empty homes back into use or understanding rural housing needs better.

² £7.2m of grant already drawn down in previous years

- There is more than enough scope to deliver the number of social lettings, empty homes and buying homes in the private sector.
- Enough capacity is developed with Housing Associations to deliver affordable housing solutions where they are needed.

Recommendation 1: To confirm the strategy to utilise our existing options to maximise the supply of affordable homes.

What can we do to deliver even more homes?

We believe, however, that we could start to meet this gap by being flexible and looking at **alternative delivery vehicles**. This approach could offer the potential to further develop our council land as a valuable asset and help us to consider a far more ambitious new build programme across all tenures. This will also significantly contribute to the Council's long term vision of creating more jobs, stimulate economic growth and help wider scale regeneration activities.

Examples of alternative delivery models are shown below:

We have also estimated what additional funding would be needed to deliver 900 more homes through new build (the "gap") for each of the models.

Model	Description
Development by the Council themselves	Council builds and receives a direct return through rental income and capital appreciation. Funding required estimated at £126m
Developments with registered providers (e.g. housing association)	Direct grant/loan or bond provided by Council to housing association. Land assets may also be used with the housing association providing the finance. Funding required estimated at £81m (based on 58% grant)
Developments through a Local Housing Company /Special purpose vehicle/ Local Asset backed vehicle/Joint Venture ³	Council invests land, partner provides funding and house building/marketing expertise. Funding required estimated at £99m

Options on the preferred delivery model will be provided to members by September 2016.

Recommendation 2: To look at options to maximise the number of new build homes that could be delivered and provide recommendations to members by September 2016.

³ Will offer different approaches to tax, on or off balance sheet, borrowing, protecting public interests and visibility of council involvement

How many homes will be delivered in different areas of the County?

Areas of highest housing need are distributed across the county and it will be important that our overall delivery strategy reflects this.

As a result, we have developed four 'Action Areas'. These areas have been developed by building up the wards in the county into distinct areas, which link to a degree of cultural identity which people can relate to.

These are:

1. Ammanford & the Amman Valley
2. Carmarthen & the West
3. Carmarthenshire Rural & Market Towns
4. Llanelli & District

Appendix B confirms our approach to carrying out the housing needs surveys in the Carmarthenshire Rural and Market Towns area.

Recommendation 3: To confirm the action area approach for delivering more affordable homes in different parts of the County.

DETAILED REPORT ATTACHED?

YES – Affordable Housing Delivery Plan

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report.

Signed: **Robin Staines** **Head of Housing & Public Protection**

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
YES	YES	YES	NONE	YES	YES	YES

1. Policy, Crime & Disorder and Equalities

This plan aligns with our previous Affordable Housing Commitment 2015-20 that sets out our clear principles in terms of delivery.

The delivery plan will be based on housing need across the County and the solutions will be based on that need.

2. Legal

The Housing (Wales) Act 2015 sets out our statutory duty to maintain the Welsh Housing Quality Standard (our version is the Carmarthenshire Homes Standard) in our existing stock. This must be our first priority.

There will be legal agreements associated with bringing empty homes back into use, buying homes as well as the Social Lettings agency leasehold/tenancy agreements. These delivery solutions are proposed to be delivered and funded through the HRA. However detailed legal consideration will be carried out on the implementation of these solutions.

Should alternative delivery models be set up, there will be significant legal implications for the Council and recommended model. These implications will be set out in a separate report should there be agreement to further explore options.

3. Finance

The current affordable housing delivery plan has been developed based on some significant financial assumptions, which are noted below. It is proposed that these delivery solutions will be supported by funding through the HRA. The funding model and its assumptions which supports the delivery of the homes proposed within this plan will be extremely sensitive to any change, both positively and negatively and will need to be monitored regularly.

The financial assumptions contained within this current plan are:

- Maintaining the Carmarthenshire Homes Standard in line with current projections over the next 30 years i.e. £415m
- Being allowed, through the Social Housing Rents Policy, to increase Council house rents by at least inflation plus 1.5% over the next five years. The level of additional borrowing will be around £5m every year over the next five years based on this rental increase.
- Remaining within the borrowing cap at the levels set by the Welsh Government.
- Continuing to receive over £6m every year for major repairs to council homes from Welsh Government.
- Revenue savings required from inflation plus 1.5% increase in rent from April 2016 will be firstly met by our net gain from exiting the HRAS system in April 2016.
- Additional revenue required to deliver some of the solutions being funded from further efficiencies within our current plan and the increased rental income that would be received over time.

Any change in these assumptions will impact on the funding available to support the delivery plan.

The delivery plan requires a total investment of £60.6million. This is a combination of HRA, Welsh Government grant funding and private finance. The total level of HRA investment equates to £31million. This will be used to fund housing needs assessments in rural areas (£0.1m) and the following delivery solutions:

- manage more homes in the private sector (£1.1m)
- bring empty homes back into use (£4.0m)
- buying existing homes in the private sector (£20.2m)
- building new homes and land acquisition (£5.6m)

The grant funding expected from Welsh Government will be Social Housing Grant and Houses to Homes funding. Social Housing grant will fund up to 58% of the development costs, the remaining 42% of the development costs must be funded by the Housing Association. The grant allocated to Carmarthenshire equates to £2m per annum but will generate a total investment of £17.2m throughout the life of the plan. Houses to Homes grant funding equates to £1.6m.

The level of private finance identified in the plan equates to £11m. This will be in the form of commuted sums from private developments through the planning system.

5. Risk Management Issues

Failure to deliver the plan will mean the gap between what is needed to meet affordable housing need will get wider. A greater number of households will be in a position where they are unable to afford a home and in a place where they do not want to live.

There will be risks associated with the delivery of the solutions should any of the assumptions within the plan change. These assumptions and associated risks will be reviewed on a regular basis by the CHS+ Steering Group. Any significant variations will be reported immediately through the monitoring and review process.

6. Staffing Implications

Additional staffing resources will be required to deliver the plan, particularly around the further development of the Social Lettings Agency and bringing empty homes back into use.

A further assessment will also be undertaken of what skills and capacity will be needed should we decide to implement more creative delivery structures.

7. Physical Assets

The delivery plan will result in an increase in homes owned and managed through the Housing Revenue Account.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: Robin Staines Head of Housing & Public Protection

1. Local Member(s) – Local members were fully involved as part of the development of the Affordable Housing Commitment and were supportive of our key principles. Local Members will be fully involved as part of the implementation of the plan.

2. Community / Town Council – Community and Town Councils were fully involved as part of the development of the Affordable Housing Commitment and were supportive of our key principles. Community and Town Councils will be fully involved as part of the implementation of the plan.

3. Relevant Partners – Partners were fully involved as part of the development of the Affordable Housing Commitment and were supportive of our key principles. Relevant partners will be key players in the implementation of the plan.

4. Staff Side Representatives and other Organisations – Staff were fully involved as part of the development of the Affordable Housing Commitment and were supportive of our key principles. Relevant staff will be key players in the implementation of the plan.

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

THESE ARE DETAILED BELOW:

Title of Document	File Ref No. / Locations that the papers are available for public inspection
Our Commitment to Affordable Homes – County Council (14th October 2015)	http://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=155&MId=116&Ver=4
Our Commitment to Affordable Homes – Joint Community And Social Care & Health Scrutiny Committee (23rd July 2015)	<p>Summary: http://online.carmarthenshire.gov.uk/agendas/eng/COMM20150723/SUM06.HTM</p> <p>Report: http://online.carmarthenshire.gov.uk/agendas/eng/COMM20150723/REP06.HTM</p>