

CABINET

**COUNCILLOR BARBARA HURST
PLANNING AND ECONOMY
PORTFOLIO HOLDER**

13TH NOVEMBER 2018

REPORT NO. EPSH1801

KEY DECISION? YES

**REPORT OF URGENCY DECISION - UTILISATION OF COMMUTED SUM
MONIES TO GRANT FUND AFFORDABLE HOMES TO RENT AT BIRCHETT
ROAD, ALDERSHOT**

SUMMARY

The report explains the urgent decision taken to approve £100,000 of commuted sum funds to be invested in grant funding 50 units of affordable homes to rent in Aldershot Town centre. The decision was taken as a matter of urgency at the request of Homes England to support their internal decision-making process and timescales on capital grant funding this scheme in excess of £2.6 million. This decision secures the council's nomination rights in perpetuity.

RECOMMENDATION

The Cabinet is recommended to note and endorse the action taken in respect of the decision to utilise £100,000 of commuted sum monies to provide grant funding to this scheme, for the purposes of securing affordable housing for the Borough.

1. INTRODUCTION

- 1.1. The purpose of this report is to confirm the urgent action taken by the Head of Economy, Planning and Strategic Housing in consultation with the Leader of the Council and the Portfolio Holder for Economy, Planning and Strategic Housing, to agree to make £100,000 of commuted sum funds available as a capital grant to the Registered Housing Provider, Funding Affordable Homes. The capital grant secures the provision of 44 affordable rented units and 6 social rented units in Birchett Road Aldershot.

2. BACKGROUND TO THE DECISION

- 2.1. The site comprises 58 units in Aldershot Town centre originally intended for open market sale with 6 units of affordable housing secured through the section 106 agreement. It is due to complete in December 2018. In

August 2018, the council was approached by housing provider, Funding Affordable Homes, with a proposal to purchase the site outright and offer all 58 units as affordable housing as 8 shared ownership, 50 affordable rent and 6 social rent. The tenure mix supports the council's strategic housing objectives, allowing it to meet its identified need for homes to rent. The layout allows the shared ownership units to be located in a separate block from the rented units, supporting best practice of the overall scheme management.

- 2.2. Homes England has identified Rushmoor as a Local Authority challenged by affordability, due to high rents and modest incomes. In order to support low income households, particularly those in work, the council requested rents be set at modest levels reflecting income levels of our customers in the Housing Allocation Pool. Homes England have agreed to grant fund all of the 58 units, and approached the council to contribute £2,000 for each of the rented units, a total of £100,000. This contribution enables rent caps at the Local Housing Allowance and secures the council's nomination rights to the scheme in perpetuity.
- 2.3. The commuted sum pot currently stands at £349,812.00, is for use only on the delivery of affordable homes in the borough, and has time restrictions on how long the council can hold it. A further £81, 357.00 is due to be collected before the end of this financial year; replenishing 80% of the amount invested at Birchett Road.
- 2.4. Securing nominations to 50 units at £2,000 per unit represents exceptionally good value for money to the council. To give some context, the last, more typical capital grant rate approved by Cabinet was £46,000.00 to secure four affordable rented units at Lyndhurst Road.
- 2.5. Funding Affordable Homes will be using one of Rushmoor's approved Registered Providers to manage the scheme, this is likely to be Accent who have a local management base in Camberley, a good working relationship with officers and members and who manage other similar sized flatted schemes in Aldershot town centre.
- 2.6. Rushmoor will be seeking a local lettings plan to ensure a good percentage of working households are able to secure tenancies. We will also look to maximise opportunities to free up other forms of social housing in the borough through the use of chain lettings wherever possible and to give due consideration to child density across the scheme.

3. THE REASON FOR THE URGENCY

- 3.1. The urgency arose for two reasons. Firstly, the property owner's offer to Funding Affordable Homes is subject to tight deadlines for the exchange of contracts and completion. Secondly, the ability of Funding Affordable Homes to offer 50 units for rent was reliant on securing £2.6 million of Homes England capital funding. Due to committee schedules, Homes England's decision on grant funding was required at its Board meeting on Monday 15th October 2018. The council's offer of grant needed to be included in the Homes England board report, and this is why the urgent decision to release the funding was taken on 11th October 2018.
- 3.2. Homes England has made their grant offer to Funding Affordable Homes who are progressing the exchange and completion of contracts. The council is preparing a nominations agreement and 50 customers in the Housing Allocation Pool will be housed during January 2019.

4. IMPLICATIONS

Legal implications

- 4.1 None

Financial

- 4.2 The proposal will require a variation to the capital programme which is fully funded from commuted sums designated for the purpose of providing affordable housing. There are no other financial implications.

Equalities implications

- 4.3 The 58 homes will assist those on low to average incomes to access affordable housing.

5. CONCLUSION

- 5.1. The action taken serves the interests of the council and its customers in respect of securing affordable homes for rent and meeting longer term strategic housing objectives.

Report Author: Zoë Paine, Housing Strategy & Enabling Manager
zoe.paine@rushmoor.gov.uk Tel: 01252 398687

Head of Service: Tim Mills, Head of Economy, Planning and Strategic Housing
Tim.mills@rushmoor.gov.uk Tel: 01252 398542