

Selby District Council



Agenda

Meeting: **Executive**
Date: **Thursday, 1 April 2021**
Time: **2.00 pm**
Venue: **Microsoft Teams - Remote ([click here](#))**
To: **Councillors M Crane (Chair), R Musgrave (Vice-Chair),
C Lunn, C Pearson and D Buckle**

1. **Apologies for Absence**

2. **Minutes**

The Executive is asked to approve the minutes of the meeting held on Thursday 11 March 2021.

3. **Disclosures of Interest**

A copy of the Register of Interest for each Selby District Councillor is available for inspection at www.selby.gov.uk.

Councillors should declare to the meeting any disclosable pecuniary interest in any item of business on this agenda which is not already entered in their Register of Interests.

Councillors should leave the meeting and take no part in the consideration, discussion or vote on any matter in which they have a disclosable pecuniary interest.

Councillors should also declare any other interests. Having made the declaration, provided the other interest is not a disclosable pecuniary interest, the Councillor may stay in the meeting, speak and vote on that item of business.

If in doubt, Councillors are advised to seek advice from the Monitoring Officer.

4. Proposal to Temporarily Suspend Section 10.1 (Vehicle age limits) of the Taxi Licensing Policy ("the Policy") (Pages 1 - 8)

Report E/20/41 outlines a proposal to temporarily suspend section 10.1 relating to vehicle age limits of the Taxi Licensing Policy.

5. S106 Affordable Housing Commuted Sum Allocation (Pages 9 - 20)

Report E/20/42 presents an outline proposal for a revision of the allocation of s106 commuted sums for affordable housing.

6. Affordable Housing Delivery Strategy 2021-2025 (Pages 21 - 38)

Report E/20/43 outlines the draft Affordable Housing Delivery Strategy for consideration.

Janet Waggott

**Janet Waggott
Chief Executive**

Date of next meeting
Date Not Specified at Time Not Specified

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Report Reference Number: E/20/41

To: Executive
Date: 1 April 2021
Status: Non-Key Decision
Ward(s) Affected: Whole District
Author: Sharon Cousins, Licensing Manager
Lead Executive Member: Councillor Pearson, Lead Executive Member for Housing, Health and Culture
Lead Officer: Alison Hartley, Solicitor to the Council

Title: Proposal to temporarily suspend Section 10.1 (Vehicle age limits) of the Taxi Licensing Policy (“the Policy”)

Summary:

In January 2020, the Policy came into effect, following a public consultation. A maximum vehicle age limit of five years was introduced, for any vehicle being licensed by the Council for the first time. The reason for the age limit was to ensure that licensed vehicles meet emission standards and encouraging the use of low pollutant vehicles. Appendix A of this report shows a summary of the current vehicle age requirements of the Policy.

The Chairman of the Licensing Committee brought it to our attention that due to the financial consequences caused by the COVID-19 pandemic on the taxi trade, drivers may be struggling with the requirement of section 10.1 of the Policy, which states that a vehicle must be under the age of 5 years old when licensed for the first time.

Where a person applies to licence a vehicle that does not meet the requirements within the Policy, the application is currently referred to the Licensing Committee for consideration and determination. In this instance, the Licensing Committee will consider each case on its own merits and can decide to depart from the Policy where it considers it appropriate to do so. Alternatively, members may wish to consider temporarily suspending Section 10.1 of the Policy due to the exceptional circumstances resulting from COVID-19. This would allow officers to licence a vehicle without the need to bring each application to the Licensing Committee and would therefore speed up the process.

On the 8 February 2021, the Licensing Committee resolved to recommend to the Executive to suspend the application of section 10.1 of the Policy to enable applicants to apply to licence a vehicle for the first time, which is over the age of 5 years but still must be under 12 years of age, for a period of 1 year.

Subsequently, at Licensing Committee on the 1 March 2021 there was some discussion around the technical wording of the recommendation in the minutes of the previous licensing Committee. It was queried if it should have referred to a partial suspension from section 10.1 of the Policy, as the Committee only wanted to suspend the requirement for a vehicle to be under the age of 5 years old and not to suspend the requirement for a vehicle to be over the maximum age limit of 12 years, which is also stated within section 10.1 and should still apply. However, the effect of the resolution made by the Licensing Committee on 8 February 2021 does achieve this partial suspension, as it clearly sets this out in the report and the recommendation.

Therefore, an Executive decision is required in respect of suspending Section 10.1 of the Policy for a period of one year.

Recommendations:

1. The Executive to make a decision on whether to suspend the application of Section 10.1 of the Policy for a period of 1 year.

2. **Reasons for the recommendation**

That due to the financial pressures caused by the COVID-19 pandemic the age restriction contained in section 10.1 of the Policy is suspended to support the taxi trade.

3. **The Report**

Introduction and background

- 3.1 In January 2020 the Policy came into effect. As part of the Policy the Council introduced a maximum age that a vehicle could be licensed for the first time of 5 years.

- 3.2 It is not unusual for Councils to introduce age limits, below is an example of age limits in other areas:

Craven: 7 years (1st time licensed) – 12 years (maximum age vehicle can be relicensed)

Hambleton: 5 years (1st time licensed) – 10 years (maximum age vehicle can be relicensed)

Scarborough: 4 years (1st time licensed) - 10 Years (maximum age vehicle can be relicensed)

Harrogate: 5 years (1st time licensed) - N/A

Leeds: 5 years (1st time licensed) executive vehicles 1 year (1st licensed)

- 3.4** The reason age limits are introduced is to accelerate the introduction of low emission vehicles and to help clean up urban air, particularly, in congested high traffic areas. Section 10.14 of the Policy states that on the 29 February 2016, the Council declared the first Air Quality Management Area (AQMA) in the district, following elevated levels of pollutants measures within Selby Town centre and that vehicles including taxis being a contributor to the poor air quality within the town centre.
- 3.5** As well as improving air quality, younger vehicles on the fleet improve the look and safety of the licensed vehicle. Licensed vehicles generally cover far more milage than a privately owned vehicle, which is why the Council also requires additional testing of vehicles.
- 3.6** Officers have found no evidence that other authorities have temporarily suspended the vehicle age limits in their taxi licensing policy during the current pandemic. So far during the pandemic the Council has received one application contrary to the Policy.
- 3.7** During a recent Policy Review meeting, a Councillor, who also sits on the low carbon working group, raised their concerns over any departure from the Policy, in particular, shared their concerns over the age of the vehicles when the Policy was brought in to reduce vehicle emissions.
- 3.8** If the Executive approve the temporary suspension of section 10.1 of the Policy, this may lead to an increase of applications for older vehicles, that is contrary to the aim set out in section 10.14 of the Policy.
- 3.9** On the 8 February 2021 the Licensing Committee resolved to recommend to the Executive that section 10.1 of the Policy is suspended for one year to support the taxi trade.
- 3.10** If the decision is to suspend, this will be highlighted on the Council's website, and a letter will be sent to vehicle licence holders explaining the position.

4 Legal

- 4.1** There is no statutory requirement to have a taxi licensing policy, however, it is good practice to do so and it provides consistent decision making. The Policy sets out the standard that the Council will use to inform it decisions on application for licences, their renewal and consideration for their continuance.
- 4.2** A decision is required from the Executive if section 10.1 of the Policy is to be suspended.

5. Financial Implications

The Application has no significant financial implications.

6. Policy and Risk Implications

Selby's Taxi Licensing Policy states:

'2. Vehicle Proprietors

'A vehicle cannot be licensed for the first time when it reaches 5 years old'.

5.1 Vehicle proprietor

In relation to both hackney carriage and private hire vehicles, the Council has an absolute discretion over granting the licence and will therefore ensure that both its enquiries and considerations are thorough and robust. Much more is involved than simply looking at the vehicle itself and all considerations are equally applicable on applications to transfer a vehicle as on grant applications.

7.4 Applying for a Vehicle Proprietor Licence

Additional application requirements for HCV's

V5 confirms that the vehicle is adapted to EC Whole type approval (ECWVTA) or confirmation of compliance certificate. (Adapted to a wheelchair accessible vehicle (WAV)).

10.1 Vehicle age limits

The Council will only accept applications to licence vehicles for the first time for vehicles under 5 years old. Existing licensed vehicles will not be licensed after the age of 12 years. (The age of the vehicle will be taken from the V5 registration document for the vehicle). Existing vehicle proprietors will have 5 years from the date this policy comes into effect to change their vehicles'

10.14 Environmental Considerations

On 29th February 2016 the Council declared the first Air Quality Management Area (AQMA) in the district, following elevated levels of pollutants measured within Selby Town Centre. Vehicles including Taxis are identified as a contributor to the poor air quality within the town centre, but the Council also recognises the importance of their availability to provide transport for Selby's residents.

Emission standards for Taxis will be subject to review, taking into consideration up-to-date emission monitoring results. To determine whether sufficient progress is being made towards achieving the health-based air quality objectives and improving Health and wellbeing of local residents.

Frequent maintenance of vehicles is also recommended, and emissions may also be further reduced by switching off engines whilst stationary or idling, particularly at ranks and stood in traffic.

The AQMA area is along a short stretch of New Street, near Selby Abbey and The Crescent which frequently is subject to high traffic volumes and frequent idling. This area should also be avoided to aid improvement of air quality along the AQMA and alternative routes considered'.

7. Conclusion

7.1 The Executive to make a decision on the application of section 10.1 of the Policy.

8. Appendices

A. Summary of current vehicle age requirements.

Contact Officer:

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APPENDICES A

Summary of the current vehicle age requirements of Selby's taxi licensing policy.

- A vehicle cannot be licensed for the first time when it reaches 5 years old
- Once a vehicle reaches 12 years old it can no longer be renewed as a licensed vehicle
- Proprietors of existing licensed vehicles that are beyond the maximum age set out in this policy at the date it comes into force will have a maximum period of 5 years to change the vehicles (making the vehicle 17 years before a licence can no longer be renewed).

Additional testing requirements of vehicles:

Vehicle Age	Frequency of vehicle inspections
0 – 1 years	1 check per year
1 – 5 years	2 checks per year
5 – 12 years	3 checks per year

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Report Reference Number: E/20/42

To: Executive
Date: 1 April 2021
Status: Non key decision
Ward(s) Affected: All
Author: Karen Iveson, Chief Finance Officer
Lead Executive Member: Cllr Cliff Lunn, Lead Executive Member for Finance and Resources
Lead Officer: Karen Iveson, Chief Finance Officer

Title: S106 Affordable Housing Commuted Sum Allocation

Summary:

This report presents an outline proposal for a revision of the allocation of s106 commuted sums for affordable housing. Delivery of the programme has been frustrated by rising house prices and there is a risk that the funding will not be spent within the timescales set out in the s106 agreements. The report proposes a sum of up to 80% of market value per property towards delivery of SDC's affordable homes programme. Based on the approved programme budget, latest market values for properties and indicative spread of property types, it is estimated that £3,376k could be spent over the next year with a further report required to extend the programme into 22/23. Whilst this will reduce the number of units that can be supported by this funding and will deliver less homes than would have been delivered on site, it means that delivery can be maximised within the funding timeline.

Recommendations:

It is recommended that subject to availability of receipts, the maximum receipts of s106 funding applied to financing the Council Affordable Homes programme be revised to up to £80% of market value per unit

Reasons for recommendation:

To provide a more flexible funding framework to enable scheme forward planning and delivery within the necessary timescales.

1. Introduction and background

- 1.1 This report presents a proposal for the removal of the maximum sum allocations per unit of s106 commuted sums for affordable housing – currently £30k per unit for empty homes and council house buybacks and £50k for new builds/acquisitions, and replace with a maximum equivalent to 80% of market value for all unit types.
- 1.2 The majority of receipts received to date relate to developments in Sherburn in Elmet but this proposal relates to any affordable housing commuted sums received. The original report is attached at **Appendix A**.
- 1.3 The funding allocations will need to be kept under close review to ensure delivery is maximised going forward and we will need to be ready to flex our plans again to match demand/delivery of our homes on the ground should this be necessary.

2. Delivery to Date

- 2.1 To date circa £9m s106 affordable housing commuted sums have been received and just over £1m has been spent. These receipts are subject to a '5 year rule' which means that the sums must be used within 5 years of receipt or they are returned to the developer.
- 2.2 Of the sums received to date the 'used by dates' are as follow:

Development	£000's	Use by date
Carousel Walk Sherburn in Elmet	812	14/02/2024
Low St Sherburn in Elmet	7,184	03/04/2025

- 2.3 The sums used to date were over a period of 3½ years and if this pace of delivery continues it is likely that a significant proportion of the funding will expire.
- 2.4 Delivery of the affordable homes programme has been frustrated for a number of reasons, but rising prices and associated scheme viability have had the greatest impact.
- 2.5 Given rising prices and competition within the market, the level of subsidy required per unit for the Council's development and acquisitions programme is greater than originally anticipated. The transfer value included within the Sherburn s106 agreements is circa £79k per unit. It is proposed that the amount available for allocation per unit is changed to 80% of market value in order to accelerate use of the funding available. 80% is the benchmark for affordable housing rent.

- 2.6 Applying the revised subsidy levels of up to 80% of market value per unit, at least a further 54 affordable new build homes could be supported over the next 4 years. This will reduce the number of homes ultimately supported but will enable the revised targets to be achieved within a realistic but tighter timescale.

3. Alternative Options Considered

An increase in the fixed sum threshold was considered but given the relatively wide variation in market values across the district a percentage is considered more appropriate.

4. Implications

4.1 Legal Implications

- 4.1.1 The s106 receipts must be spent in accordance with the parameters set in the agreements or the Council will be in breach of its covenants.

4.2 Financial Implications

- 4.2.1 The table below presents an indicative programme for 21/22 the final year of the current approved programme (Housing development and Empty Homes combined). This is based upon the latest Housing Economic Needs Assessment (HENA) and identified need across the Council's own HRA stock. In summary the revised maximum could achieve the following:

	No of Units	Average Property Price £000's	Weighted Split of Capital Programme	Indicative Capital Programme Allocation £000's	S106 Allocation (Max 80%) £000's	Capital receipts, HE grant, borrowing £000's
1 Bed	7	138	24%	1,012.8	810.2	
2 Bed	12	153	45%	1,899.0	1,519.2	
3 Bed	2	198	11%	464.2	371.4	
4 Bed	2	353	20%	844.0	675.2	
	23			4,220.0	3,376	844

- 4.2.2 The s106 agreements require the sums to be spent within 5 years of receipt of the final payments (or it is repayable with interest at base rate +2%). Extension of the programme will be required to ensure all of the funding is used and a further bid for 22/23 will be brought forward as part of the MTFs/budget. Based on the indicative allocations above a further 31 acquisitions could be supported by the current s106 funds in 22/23.

4.2.3 Demonstrating value for money will remain fundamental to any acquisition and independent valuations will be required to ensure that this funding does not fuel further price rises. Councillors should also note that acquisitions at market value will be recognised at lower, affordable housing values, on the Council's balance sheet.

4.3 Policy and Risk Implications

The proposals in this report support the Council's strategies and policies regarding housing delivery, the Housing Revenue Account Business Plan and Medium Term Financial Strategy. There is a risk that despite the proposals to increase the allocations per property the market is unable to provide the properties required. In order to mitigate this risk and maximise delivery, early discussions with developers will seek to secure 'bulk' purchases where appropriate and progress will be monitored closely. Further reports will be brought to Executive/Council as necessary to ensure delivery is maximised.

4.4 Corporate Plan Implications

Application of s106 affordable housing commuted sums will help to support delivery of affordable homes – one of the Council's stated priorities.

4.5 Resource Implications

Resources to deliver the Affordable Homes programme are within the approved budgets.

4.6 Other Implications

There are no other implications to highlight as a result of this report.

4.7 Equalities Impact Assessment

There are no direct equalities implications as a result of this report – the report seeks to maximise delivery of the approved affordable homes programme within the timeline for s106 commuted sums.

5. Conclusion

5.1 Delivery of the affordable homes programme is behind schedule and there is a risk that based on s106 used to date, a significant proportion of the funding available could expire.

5.2 Price rises and scheme viability have challenged delivery and therefore increased subsidy levels are required.

5.3 Whilst this will reduce the number of units that can be supported by this funding it will ensure delivery can be maximised within the funding timeline.

6. Background Documents

None

7. Appendices

Appendix A – Executive report - s106 Affordable Housing Commuted Sum Allocation 5 November 2015

Contact Officer:

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Selby District Council

REPORT

Reference: E/15/34

Item 7 - Public



To: The Executive
Date: 5 November 2015
Status: Key Decision
Report Published: 28 October 2015
Author: Karen Iveson –Executive Director (s151)
Executive Member: Councillor C Lunn – Lead Member for Finance & Resources
Lead Officer: Karen Iveson – Executive Director (s151)

Title: S106 Affordable Housing Commuted Sum Allocation

Summary:

This report presents an outline proposal for the allocation of s106 commuted sums for affordable housing. The majority is currently anticipated for the Redrow/Persimmon and Macgay Wayne developments in Sherburn in Elmet and whilst this report uses these sums to illustrate the principles, it is intended that these apply to any affordable housing sums received.

The report proposes that £99k p.a. of the s106 receipts received be allocated to bringing empty homes back into use as affordable homes with the remainder of the receipts allocated to the Council's affordable homes programme.

The report proposes a sum of up to £30k per property for empty homes and up to £50k for new builds within SDC's affordable homes programme. Basing the calculation on the Sherburn receipts, at least 33 additional affordable homes could be brought back into use over the next 10 years, along with a minimum 151 new build affordable homes.

Recommendations:

It is recommended that subject to availability of receipts, s106 funding be allocated as follows:

- i) **£99k p.a. over the next 10 years for bringing empty homes back into use as affordable homes with a maximum award of £30k per property;**
- ii) **that a proposal is brought forward within the next 3 months to establish a practical way forward for the additional funding;**
- iii) **the remainder of the funding available be allocated to SDC affordable homes programme to a maximum of £50k per property.**

Reasons for recommendation

To provide a funding framework to enable scheme forward planning.

1. Introduction

- 1.1 This report presents an outline proposal for the allocation of s106 commuted sums for affordable housing. The majority is currently anticipated for the Redrow/Persimmon and Macgay Wayne developments in Sherburn in Elmet and whilst this paper uses these sums to illustrate the principles, it is intended that these apply to any affordable housing sums received.
- 1.2 The s106 agreements for Sherburn in Elmet provide for a commuted sum of £8,540,251.80 in total for the provision of affordable housing in the District, (based on 108 affordable homes off-site at an average of £79,076.40 per unit).
- 1.3 In considering a potential programme it is proposed that a proportion of the funding is used to bring existing long term empty homes back into use for affordable homes.
- 1.4 It is anticipated that the average amount required to bring an empty home back into use will be less than that required for a new build home and therefore delivery can be maximised beyond the 108 provided for by the s106 agreements.
- 1.5 In considering an appropriate split of funding, consideration needs to be given to the desired outcomes and outputs to be achieved along with likelihood of delivery.
- 1.6 Any proposed funding allocation will need to be kept under close review to ensure delivery is maximised and we will need to be ready to flex our plans to match demand/delivery of our homes on the ground.

2. The Report

Empty Homes

- 2.1 The Council's Empty Homes Strategy identifies the challenges of long term empty homes and identifies a range of measures the Council will take to bring homes back into use.
- 2.2 Assuming a maximum grant of £30k per empty home brought back in to use as an affordable home, with an annual target of a minimum of 3-4 homes per annum over a 10 year period - £1m of the s106 funding could be diverted towards empty homes.
- 2.3 Currently £100k is allocated from the 'Programme for Growth' for this work and therefore an additional £100k p.a. over 10 years represents a significant increase.
- 2.4 Given the number of empty homes within the district it is considered that this level of empty homes work is achievable but further work to assess deliverability will be needed. A growth bid for additional revenue resources to support this work was approved within the Executive's budget proposals for 2015/16.
- 2.5 A delivery framework will be required to ensure the funding can be used effectively within the time limits specified by the s106 agreement. Access Selby have been commissioned to administer the current £100k funding and it is suggested that **a proposal is brought forward within the next 3 months to establish a practical way forward for the additional funding.**
- 2.6 As part of this work a district profile will be drawn up to prioritise the works and it is proposed that, given the s106 receipts will be generated by house building in Sherburn, this area is targeted for the first phase of any work.

New Build Delivery

- 2.7 A number of existing registered providers operate within Selby district and deliver new build affordable housing through the s106 process. Registered providers can access HCA funding for their development and therefore it is not currently considered that using s106 receipts to subsidise their builds or acquisitions would increase the number of additional affordable homes in the District. However the recent announcements regarding right to buy and rent capping in that sector may result in the RPs being unwilling to commit to this model of delivery so options should remain open to allow the Council to purchase these developer delivered homes or to provide grant funding to enable the Trust to acquire them.

Appendix A

- 2.8 The Council has an established new build delivery programme within the Housing Revenue Account and General Fund (via Selby and District Housing Trust). Commuted sums provide an opportunity to also support delivery of the Council's own affordable housing programme. The programme is currently reliant on the use of council owned garage sites and other land/assets. The nature of the Council's existing assets means that scheme viability is likely to be challenging without some level of subsidy.
- 2.9 Our viability model allows for market housing to cross subsidise affordable homes and this will continue to be considered when assessing the feasibility of particular schemes, as overall value for money on the affordable homes will need to be demonstrated. However the ability to provide 'grant' funding to directly support the programme is an important part of our model.
- 2.10 The extent to which the s106 receipts will be used to support the Council's own HRA stock will depend upon the schemes delivered within the programme although in accordance with the Council's affordable housing development strategy these schemes are expected to be shared broadly on a 50:50 basis between the HRA and GF(SDHT). Where possible it is proposed that HCA funding is pursued. However, due to recent Government announcements on the extension of Right to Buy to registered Social Landlords and restrictions on rent levels, SDHT have withdrawn their application for registration with the HCA and consequently they will not be eligible for HCA funding.
- 2.11 The affordable homes for rent delivered by SDHT through the Council's development programme are classed as 'intermediate rent' which falls within the requirement of the s106 agreement although SDHT will have to commit to charging below market rents in perpetuity on dwellings supported by this funding.
- 2.12 It is anticipated that the level of subsidy required per unit for the Council's development programme will be less than the £79k sum per unit included within the s106 agreements which will enable a greater number of homes to be delivered. The latest outline business cases for the Council's affordable homes programme shows a subsidy level of up to £50k per unit is needed (average HRA £20k and average SDHT £34k) although the level of subsidy going forward will be dependent upon the costs and rental income potential of the individual schemes.
- 2.13 Applying an indicative subsidy level of up to say £50k per unit at least 151 affordable new build homes could be supported over the next 10+ years and an average of £30k per unit could support 251 new build homes. This is in excess of the number homes targeted within the current affordable homes development programme to 2019 and therefore the programme will be reviewed at an appropriate point and extended as necessary.

- 2.14 Should the future programme identify alternative opportunities and/or need (for example using the receipts to buy or fund affordable homes delivered by private developers) then such proposals will be brought back to the Executive.

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

- 3.1.1 The s106 receipts must be spent in accordance with the parameters set in the agreements or the Council will be in breach of its covenants.

3.2 Financial Issues

- 3.2.1 The latest estimated profile and timing of s106 receipts is:

Redrow Persimmon

No. properties delivered each		Redrow £	Persimmon £	Total £
40 th property	2016	584,997.26	584,997.26	1,169,994.52
80 th property	2017	584,997.26	584,997.26	1,169,994.52
120 th property	2018	584,997.26	584,997.26	1,169,994.52
160 th property	2019	584,997.26	584,997.26	1,169,994.52
200 th property	2020	584,997.26	584,997.26	1,169,994.52
240 th property	2021	584,997.26	584,997.26	1,169,994.52
250 th property	2022	146,249.34	146,249.34	292,498.68
Total		£3,656,232.90	£3,656,232.90	£7,312,465.80

Macgay Wayne

45 th property	Sep-17	£613 893.00
81 st property	Sep-19	£613 893.00
Total		£1,227,786.00

- 3.2.2 This outline proposal suggests that the s106 funding is split between empty homes and new build delivery. Applying an indicative sum of up to £30k per property for empty homes and up to £50k for new builds within SDC's programme, and basing the calculation of the Sherburn receipts at least 33 additional affordable homes could be brought back into use over the next 10 years, along with a minimum 151 new build affordable homes.

Appendix A

	Max Amount per Unit £000	10 Year Min. Target Number of Homes	10 Year Funding £000
Empty Homes (additional)	30	33	990
SDC Affordable Housing Development	50	151	7,550
Total		184	8,540

3.2.3 The s106 agreements require the sums to be spent within 5 years of receipt of the final payments (or it is repayable with interest at base rate +2%) and therefore a plan is required to deliver an achievable programme which secures the funding.

4. Conclusion

- 4.1 The s106 commuted sums the Council anticipates receiving over the next 7 years for affordable housing provide a significant opportunity to support our affordable homes programme and bring much needed empty homes back into use.
- 4.2 It is anticipated that the average amount required to bring an empty home back into use will be less than that required for a new build home and therefore delivery can be maximised beyond the 108 provided for by the s106 agreements.
- 4.3 Any proposed funding allocation will need to be kept under close review to ensure delivery is maximised and we will need to be ready to flex our plans to match demand/delivery of our homes on the ground.

5. Background Documents

None

Appendices

None

Contact Details

Karen Iveson
Executive Director (s151)
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Report Reference Number: E/20/43

To: Executive
Date: 1st April 2021
Status: Key Decision
Ward(s) Affected: All
Author: Sarah Thompson, Housing and Service Manager
Lead Executive Member: Cllr Richard Musgrave,
Lead Executive Member for Place Shaping
Lead Officer: Suzan Harrington, Director of Corporate Services and
Commissioning

Title: Affordable Housing Delivery Strategy 2021-2025

Summary:

The Housing Revenue Account Business Plan details our ambitions to increase affordable housing over the next four years. The business plan aims to deliver a financially sustainable service which demonstrates value for money and ensures investment is targeted to Council priorities.

This new Affordable Housing Delivery Strategy provides details of our affordable housing delivery ambitions and supports the priorities in the Council Plan to enable the delivery of increased housing supply, invest in improving the quality of current stock and increasing the number of affordable homes

Recommendations:

Executive Members approve the draft Affordable Housing Delivery Strategy

Reasons for recommendation:

Approving the plan will allow the Council to further progress with the delivery

1 Introduction and background

1.1 The proposed strategy sets out the Council's plans for how our commitment to build new Council homes and the support to delivery by Selby and District Housing Trust (SDHT). It aims to strengthen and build on the aims for Selby District Council to increase its supply of affordable housing stock through direct development and the support provided to SDHT introduced in our original Affordable Development Strategy in 2013.

- 1.2 As a stock-retaining Local Authority, Selby District Council owns 3000 homes and we take pride in our strong landlord management service and this strategy aims to strengthen that service by increasing the number of homes in the Housing Revenue Account. The lifting of the borrowing cap in November 2018 has provided us with the opportunity to increase the direct development of affordable housing.
- 1.3 The new Affordable Housing Development Strategy links to a number of other strategies and associated policies and procedures including the Housing Revenue Account Business Plan and the York, North Yorkshire and East Riding Housing Strategy.
- 1.4 In February 2019 the Strategic Housing Market Needs Assessment (SHMA) highlighted the requirement of affordable housing in the Selby district and calculated the net need for affordable housing, including social rented housing, intermediate rented housing and low-cost home ownership housing products was 134 units per annum.
- 1.5 There was also an identified lack of supported housing in the district.

2 The Affordable Housing Delivery Strategy

The current Housing Revenue Account (HRA) Business Plan

- 2.1 The current HRA Business Plan demonstrates that the Council can maintain its assets and invest in new provisions, and at the same time deliver a high level of service to current and future tenants and leaseholders. The plan has three main objectives and commits to:
 - Meet local need by prioritising those with local connection for new build affordable housing and reduce empty homes within the community to increase affordable accommodation in local areas.
 - Acknowledge and try to meet the needs of our rural residents and those who may require specialist and/or supported accommodation.
 - Commit to one-for-one replacement of properties lost via Right to Buy and work to replace those already lost but not yet replaced.
 - Ensure that housing need takes precedence when deciding the location, property and tenure type of new housing schemes
 - Work with the Housing Trust to deliver increased affordable housing throughout the district via our three delivery pillars.

The objectives

- 2.2 This plan makes clear that Selby District Council is committed to purchasing and building new council homes to provide affordable housing and to sustain the HRA into the future. The delivery objectives are:
 - Increase the supply of social and affordable homes to meet the housing need in the district through acquisition and direct development. Modelling in the SDC HRA business plan would see the Council, in partnership with the Housing Trust; deliver almost 600 new properties over the next 30 years.

- Take a planned approach to delivery which provides value for money while maximising supply to support the financial viability of the Housing Revenue Account.
- Commit to the Government's 'one-for-one' replacement policy, which on average would see the Council build or acquire 20 new properties a year, replacing at the current rate we lose stock through the right to buy.

2.3 Delivery of the objectives will be through direct development, S106 on-site acquisition, the purchase of empty homes and buying back former council properties that have been sold through the right to buy.

Finance

2.4 The Housing Revenue Account business plan assumes that any new build or stock acquisitions will be supported by a viable business case which will use retained Right to Buy receipts, external grant funding (where possible) and new borrowing to achieve a reasonable payback period (typically 30 to 40 years). It is assumed that any new stock will be entirely financed over their whole life from the rental income they bring.

2.5 Each scheme will be assessed for viability and its contribution to the business. This provides a value for money assessment in some instances which are greater than pure return on investment. The impact of each scheme is calculated, and the cumulative effect of the programme and acquisitions must be affordable in the context of the wider Housing Revenue Account Business Plan.

2.6 To support scheme viability S106 Commuted Sums and Homes England Affordable Housing Grant Funding will be maximised where appropriate and subject to the relevant approvals.

3 Implications

3.1 Legal Implications

Section 74 of the Local Government and Housing Act 1989 requires the local housing authority to keep a separate HRA and Section 76 of the same Act provides that they must prevent a debit balance in the HRA.

3.2 Financial Implications

The HRA Business plan provides the strategy for investment whilst ensuring the sustainability of the HRA. The Affordable Housing Delivery Strategy links directly the HRA Account business plan and the Council's Capital Investment Programme, as approved by the Executive.

3.3 Corporate Plan Implications

Implementation of the Affordable Housing Delivery Strategy will meet the Council Plan Objectives to enable the delivery of increased housing supply, increase the number of affordable homes and to invest in improving the quality of Selby District Council housing stock.

4 Conclusion

This new Affordable Housing Delivery Strategy provides details of our affordable housing delivery ambitions and supports the priorities in the Council Plan to enable the delivery of increased housing supply, invest in improving the quality of current stock and increasing the number of affordable homes. Delivery on the plan will help meet identified housing need and help sustain the Housing Revenue Account.

5 Background Documents

Selby District Council Housing Revenue Account Business Plan 2020-2025

6 Appendices

Appendix i – Affordable Housing Delivery Strategy 2021-2025

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Affordable Housing Delivery Strategy 2021-2025

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1. Foreword

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2. Introduction

- 1.1 This strategy sets out how Selby District Council will support its ambition to increase its portfolio of housing through development and acquisition.
- 1.2 As a stock-retaining Local Authority, Selby District Council owns approximately 3,000 homes and we take pride in our strong landlord management service.
- 1.2 Delivery of this strategy and the action plan will increase our ability to meet the need for more affordable housing in the Selby district and strengthen the Housing Revenue Account.

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3. Context

Links to other strategies and plans

3.1 Our aims for and justification for delivering affordable homes are also outlined in the following strategies and plans:

➤ The Corporate Plan

The Council Plan 2020-2030 sets out the vision for the Council over 10 years and includes the following delivery priorities that this plan supports:

- *Enable the delivery of increased housing supply*
- *Increase the number of affordable homes*
- *Invest in improving the quality of Selby District Council housing stock*

➤ SDC Housing Revenue Account Business Plan (HRA BP) 2020-2025

A key document considering the financial viability of our investment in and development of new homes in the short to medium term and has the following three objectives

- *To ensure good quality housing within the district which helps meet the needs of our local community.*
- *To provide a first-rate housing management service which makes the best use of our existing stock and listens to our tenants and leaseholders.*
- *To deliver a financially sustainable service which demonstrates value for money and ensures that investment is targeted to Council priorities.*

➤ York, North Yorkshire & East Riding Housing Strategy 2015-21

This is an overarching wider district Strategy and includes nine housing priorities including:

1. *Work with partners to increase the supply of good quality new housing across all tenures and locations*
2. *Ensure that the housing stock reflects the needs of urban, rural and coastal communities*
3. *Ensure that our housing stock meets the diverse needs of our population at all stages of their lives*
4. *Via policy guidance and negotiation, ensure new homes are of good design and environmental quality regardless of tenure*
5. *Continue to make best use of our existing stock and ensure that is of a decent quality to meet the needs of our communities.*
6. *Ensure all homes have a positive impact on health and well being and are affordable to run*
7. *Continue to reduce homelessness*
8. *Ensure housing is allocated fairly and on the basis of need*
9. *Provide appropriate housing and support for those with specific housing needs*

- SDC Homelessness and Rough Sleeping Strategy 2020-2025
Key document outlining our aim to end rough sleeping in the district and ensure sufficient effective prevention and support
- Strategic Housing Market Assessment 2019 by Hearns Consultants
Outlines existing and forecasted housing demand and changing demographic throughout the district
- North Yorkshire Empty Property Strategy & Action Plan 2017-2021
Outlines how we will address Empty Homes across the sub-region and in Selby district.

Resource

- 3.2 This strategy has an important role to play in taking forward the strategic objectives from our existing Housing Strategies and Development aims as funding was approved in principle in January 2018 by Executive committee to provide loan funding of up to £1,113,624 to S&DHT to facilitate the purchase of s106 properties in the District (or for the Council to consider purchasing for the Housing Revenue Account from General Fund) and outlined in the 'Housing Development Programme 2017-20'¹, aiming to deliver a total of 207 units with investment of £10.3m granted in order to fund the remaining 101 units for phase 3.
- 3.3 The Housing Revenue Account Business Plan outlines our rental income previously paid by the Council to the Government has been replaced with interest only loan payments. This totals around £2.04million per annum reducing to £1.8m p.a from 2021/2022 broadly spread over 30,40 and 50 years, against an estimated rental income of £11.4m (£12.01m including the hostel and garage rent) with operational running costs of 39% (£4.6m at 2019/20).
- 3.4 The HRA BP sets out the investment requirements for the housing stock and the finances available to commit to our newbuild programme, with this strategy setting out our objectives for how we will develop and acquire Affordable Homes.
- 3.5 The Revenue Budget and Capital Programme 2020/21 and Medium-Term Financial Plan agreed in February 2019 and S106 affordable housing commuted sums.

Evidence of Affordable Housing Need

- 3.6 In February 2019 the Strategic Housing Market Needs Assessment (SHMA) highlighted the requirement of affordable housing in Selby District and calculated the net need for affordable housing, including social rented housing, intermediate rented housing, and low-cost home ownership housing products for an annual need for 134 units per annum.

¹ <https://democracy.selby.gov.uk/documents/g284/Public%20reports%20pack%2004th-Jan-2018%2016.00%20Executive.pdf?T=10>

Agenda item 8, Report page 79 Title: Housing Development Programme 2017-20

3.7 The SHMA finds the housing need should comprise:

- Affordable rented
 - 43/44% to be 2 beds
 - 28-30% 1 beds
 - 25-27% 3 beds
 - 2% 4 beds

3.8 There is also an identified lack of supported housing in the district so consideration will be given to the possibility of building, or partnering with the County Council, to provide additional supported accommodation within the district, as outlined in our Housing Revenue Account Business Plan.

Existing Stock owned by Selby District Council

3.9 At the end of 2019/2020 Selby District Council retained and managed 3,026 properties. Of this, less than 2% of the stock is strictly defined as 'sheltered', 19% are bedsits, flats or maisonettes, 38% are bungalows, and the remainder are houses. This stock is distributed across the Selby district, with the main concentrations being in the Council's urban settlements.

Right to Buy

3.10 The Government's 'Right to Buy' scheme was reinvigorated between 2012 and 2014 and the maximum discount for tenants is now set at £84,200 and the amount of qualify years reduced from five to three. Whilst this increases the likelihood of our housing stock being reduced, at the same time it increases capital receipts to fund the development of new homes.

Delivery

3.11 Affordable housing has been predominantly delivered in the Selby district through the planning process and through the use Section 106 agreements by Housing Associations.

The number of affordable housing units newly built since 2011/12, with overall completions are shown below:

<i>New build completions</i>	<i>All houses</i>	<i>Affordable housing completions*</i>	<i>% affordable against all new build completions</i>
2011-12	300	76	25%
2012-13	185	40	22%
2013-14	298	47	16%
2014-15	444	79	18%
2015-16	515	76	15%
2016-17	569	73	13%
2017-18	615	101	21%
2018-19	632	183	29%
2019-20			

*Numbers of affordable housing completions ignore any commuted sum contributions for affordable housing in lieu of onsite provision, and this will reduce the percentage out turn. However, this will be compensated in future years by the development of affordable homes funded by these contributions.

Delivery by the Council and Selby & District Housing Trust

3.12 The Affordable Development Strategy 2013 set out how the Council intended to support the wider delivery of affordable housing through direct delivery, acquisition and affordable housing delivery vehicles for example the Council has worked with Selby District Housing Trust to delivery properties.

The total number of affordable homes delivered by the Strategy as of 31st December 2020 is:

- Empty Homes and former Council House acquisitions – 7
- New Council housing built by the Council –
- Delivered by Selby & District Housing Trust through build –
- Delivered by Selby & District Housing Trust through acquisition -

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4. The Objectives

4.1 Selby District Council is committed to purchasing and building new Council Homes with the Housing, Planning and Development services underpinning these 3 delivery objectives, outlined in the HRA Business Plan, which will sustain the HRA into the future and provide additional affordable housing throughout the district:

- **Increase the supply of social and affordable homes to meet the housing need in the district through acquisition and direct development. Modelling in the SDC HRA business plan would see the Council deliver almost 600 new properties over the next 30 years.**
- **Take a planned approach to delivery which provides value for money while maximising supply to support the financial viability of the Housing Revenue Account.**
- **Commit to the Government's 'one-for-one' replacement policy, which on average would see the Council build or acquire 20 new properties a year, replacing at the current rate we lose stock through the right to buy.**

Acquisitions

4.2 S106 on-site acquisitions

The Council has an Affordable Housing Supplementary Document policy requiring developers of new build housing to provide a proportion of affordable housing on new build sites. Developers will offer S106 properties to affordable housing providers in a variety of ways. Most are competitively tendered or agreed through negotiation.

4.3 Empty Homes and Right to Buy, buy backs.

Properties are purchased at market value but S106 off-site contributions (commuted sums) can be used to support the purchase of empty homes and former council housing that was sold through the right to buy.

The advantages of directly purchasing properties

- Properties purchased through the S106 process would be purchased at approximately % of the open market value and this would likely be a lower cost than the cost of delivery through development.
- Purchasing properties through this route would allow the Council to be more ambitious with its delivery targets.
- Properties can be purchased to meet specific housing need.
- Acquisitions of former Council properties can support the increase of available affordable housing in rural areas where land is not available for the Council to develop directly.
- The purchase of Empty Homes supports the need to make the best use of existing stock and reduces the potential for them to cause a blight on the community
- It would be complementary to any direct development

ACTION

Proactively buy back where appropriate former council housing comes onto the market.

Direct development

- 4.4 Direct development is development that is undertaken by Selby District Council on land owned or acquired.
- The Council has previously developed former garage sites to provide more affordable housing. There is a risk that this method of delivery can be supply, not demand led and therefore any direct development will need to complement the acquisitions programme.
 - The Council will maximise opportunities to make use of land which is already held for housing purposes. It may also be important to explore the potential of acquiring other land.
 - The Council will pursue opportunities to acquire surplus public land as a priority from other public bodies such as the Government; the National Health Service; the Police, Fire and Ambulance Services; Ministry of Defence; etc.
- 4.5 To meet the key objectives this strategy commits to:
- The Council will always look to meet local housing need. This includes consideration of location and property and tenure type
 - We will also pay close attention to energy efficiency in new build schemes, which could include fully adapted bungalows, lifetime homes, flats, and single person accommodation, as well as more traditional family housing
 - Where garages and parking bays are to be removed, we will talk to those affected and where possible offer an alternative vacant garage nearby.
 - Where it may become necessary to decant or relocate households, they will be given priority to move, either permanently or temporarily, to suitable housing in an area of their choice. In many cases where practical, they will be offered the opportunity of returning to one of the new properties.
 - Have regard to the “Older Person's Housing and Accommodation” and commit to increase the supply of specialist housing options
 - Sensitivity to local context as Selby district is varied in its character, so new homes should embody a sense of place which is derived from local context and in terms of layout, scale, form, and materials.
 - New developments will be designed to create safe, attractive, accessible environments and where appropriate they should look for opportunities to enhance the public realm.
 - Ensuring site-appropriate tenure mix. Market rent, shared equity and private sale may be appropriate on larger sites where the inclusion of some of these units may be needed to make a scheme financially viable
 - Develop housing solutions designed specifically with rural communities in mind.

Sensitive lettings that give priority to local connection cascade.

- 4.3 New lettings will be open to those registered with North Yorkshire Home Choice and we will introduce Local Lettings Plans to ensure that allocations for new Council homes are meeting local need.

A flexible approach to rent setting

- 4.4 We will also continue to support a flexible approach to setting rent to ensure residents are provided genuinely affordable accommodation. This includes consideration of Social and Affordable Rent, up to 80% of market value. Decisions will be made to local context and subject to individual business cases.

5. Delivery of the Strategy

Agreed finance

- 5.1 The Housing Revenue Account business plan assumes that any new build or stock acquisitions will be supported by a viable business case which will use retained Right to Buy receipts, external grant funding (where possible) and new borrowing to achieve a reasonable payback period (typically 30 to 40 years). It is assumed that any new stock will be entirely financed over their whole life from the rental income they bring.

The schemes will need to demonstrate they provide value for money through assessment. In some instances this will be greater than pure return on investment. The impact of each scheme is calculated, and the cumulative effect of the programme and acquisitions must be affordable in the context of the wider Housing Revenue Account Business Plan. Each project will need to be assessed to ensure the benefits and risks of the scheme are fully assessed.

The Business Plan outlines a total of £10 million overall has for new development and acquisitions over the period of this strategy.

The Council's existing housing development and acquisitions programme is set out in the Council's capital programme², approved in February 2019.

Commuted sums

- 5.2 The Council is focused on making the best use of available resources to increase housing stock in the district, and this includes drawing down Section 106 'commuted sums' collected from housing developers in lieu of on-site affordable housing provision.

Homes England Affordable Housing Grant Funding and other funding opportunities

- 5.3 The government reaffirmed will continue to support the delivery of affordable housing and the Council will aim to utilise appropriate forms of external funding when required to finance the development or acquisition of new affordable housing throughout the district.

This could be, for example, leasing surplus Council-owned land, or funding through cross-subsidy by building for sale, or other models of affordable housing including shared ownership. Other opportunities through joint venture approaches may present themselves over the lifespan of this strategy and will be explored where they support the Council's affordable housing development programme.

Borrowing

- 5.4 In November 2018 the HRA borrowing cap lifted for all English local authorities, bringing financial borrowing for Council homes in-line with all other local authority borrowing under prudential codes. Any additional borrowing would only be sanctioned when it is financially viable and sustainable to do so.

² <https://democracy.selby.gov.uk/documents/s4091/Council%20Budget%20Report%20Final.pdf>

Governance

- 5.6 The Head of Operational Services will be responsible for the delivery of the Programme and progress will be monitored through the Housing Development Board.
- 5.7 Executive Committee will take decisions necessary to implement the new build development programme and Full Council will review the development programme on an annual basis.
- 5.8 Head of Operational Services will approve the development appraisal parameters and business plan assumptions annually for the development programme. The Housing Development Team will project manage the programme.
- 5.9 Each project will need to be assessed to ensure:
- It meets the aims of this Development Strategy, and
 - The benefits and risks of the scheme are fully assessed.
- 5.10 It will rarely be possible to fully eliminate risk, although it can be assessed and managed. At a high level, the risk management of developments will be carried out by ensuring the proposals have a strategic fit with this Development Strategy.
- 5.11 The Council's corporate risk management processes will be used to mitigate detailed risk and ensure projects are progressed in a logical sequence to ensure the Council is not exposed to unnecessary risk.

Staff Resources

- 5.12 We recognise the need to make a long-term commitment to acquisition and development and to the resources required to be ambitious with delivery and therefore a review of the staff resources and skills required to deliver the programme will take place.
- 5.13 As the Council progresses with its development programme it will continue to add to and strengthen its internal skills and knowledge base. Investing in and developing the in-house Development team will provide the Council with officers capable of managing large-scale projects, while achieving value for money.

6. Development Strategy Affordable Housing Action Plan

Action	Timescale	Lead
Build the capability within the Housing Development Team to deliver a successful development and acquisition programme.	July 2021	Head of Operational Services
Review corporately all Council land ownership to identify potential housing development sites for new Council housing.	October 2021	Housing Development Officer
Consider all developments with S106 new builds to consider viability.	Commence July 2021 then Ongoing	Resource required
Establish the relationship between the Council and the S&DHT and how decisions will be made as to which vehicle is the most suitable company to deliver affordable housing to rent.	September 2021	Leadership Team and Executive
To develop a scheme assessment process to be applied to all proposed acquisitions and developments.	July 2021	Housing Development Manager
Review of 5-year development pipeline to be considered in relation to budgeted finances within HRA Business Plan and to inform the next business plan review.	October 2021	Head of Operational Services
Agree delivery for targets for Acquisition.	May 2021	Housing Development Board

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