

Agenda item: 

**Decision maker:** Cabinet Member for Housing

**Subject:** Update on affordable housing programme

**Date of decision** 13 July 2010

**Report by:** Head of Community Housing & Regeneration

**Wards affected:** All

**Key decision (over £250k):** No

---

**1. PURPOSE OF REPORT:** to provide an update on progress with the Portsmouth City Council (the Council) affordable homes programme for the financial year 2009-10.

**2. RECOMMENDATIONS:**

It is recommended that the Cabinet Member for Housing:

- 1) Notes the number and variety of new affordable homes provided during 2009-10
- 2) Notes the likely decline in the affordable homes programme owing to anticipated reductions in Government investment in affordable housing
- 3) Notes that a report will be presented to the autumn cycle of meetings when Government expenditure plans have been clarified.

**3. REASONS FOR RECOMMENDATIONS**

This report is intended primarily as an information briefing.

**4. BACKGROUND**

The provision of affordable homes is one of the city council's main priorities. Progress is monitored throughout the year and this report summarises the outcome not only for 2009-10 but also forecasts likely outcomes for the current financial year. Cumulative results for the six years to March 2011 is also explained.

**5. AFFORDABLE HOUSING COMPLETIONS FOR YEAR ENDING MARCH 2010.**

**5.1 Introduction**

322 affordable dwellings were provided during the year ending March 2010: a combination of new construction (for rent and sale) and existing dwellings purchased mainly by first-time buyers with financial assistance. Aspects to note include:

- Three quarters are smaller properties with one or two bedrooms
- One quarter are larger properties with three or more bedrooms
- Half are for social renting with the rest mainly *Homebuy* purchases
- One in three are houses and bungalows
- Two in three are flats.

## 5.2 Assessing results for 2009-10 alongside 2008-09 with a forecast for 2010-11

- 1) **Dwellings provided, by number of bedrooms:** the table below shows that two bedroom dwellings comprised 60% of completions. Output of larger homes (with 3+ bedrooms) was greater than anticipated with 75 completions (23% of the total). This has been due to the Government's *Homebuy* assisted purchase schemes.

	2008-09 actual		2009-10 actual		2010-11 forecast	
One bedroom	175	30%	55	17%	66	31%
Two bedrooms	329	56%	192	60%	100	47%
Three+ bedrooms	80	14%	75	23%	48	22%
	584	100%	322	100%	214	100%

- 2) **Dwellings provided, by tenure:** 158 dwellings are for social renting, almost half the total. Although numbers in the development pipeline is expected to be lower during 2010-11, the proportion of social renting could potentially rise to as much as two thirds. The final outcome will depend on the amount of *Homebuy* purchases arranged by March 2011.

	2008-09 actual		2009-10 actual		2010-11 forecast	
Social renting	341	58%	158	49%	144	67%
Intermediate rent	62	11%	22	7%	18	8%
<i>Homebuy</i> S/O	116	20%	56	17%	45	21%
<i>Homebuy</i> OMP	65	11%	37	11%	0	0%
<i>Homebuy</i> Direct	0	0%	49	15%	7	3%
	584	100%	322	100%	214	100%

- 3) **Dwellings provided, by type and tenure:** the table below shows that for 2009-10 one in three dwellings provided are houses. The number and proportion of houses available for social renting is comparatively low (10% of the total), which reflects decisions taken some years ago. Today, meeting demand for social rented *houses* is a priority, so this proportion is expected to rise in the future.

DWELLING TYPE	TENURE	2008-09 actual		2009-10 actual		2010-11 forecast	
HOUSES incl bungalows	<i>Homebuy</i> purchases	56	10%	57	18%	7	3%
	Intermediate renting	27	5%	21	7%	12	6%
	Social Renting	45	8%	32	10%	32	15%
	<b>Total houses</b>	<b>128</b>	<b>22%</b>	<b>110</b>	<b>34%</b>	<b>51</b>	<b>24%</b>
FLATS incl maisonettes	<i>Homebuy</i> purchases	125	21%	85	26%	45	21%
	Intermediate renting	35	6%	1	0%	6	3%
	Social Renting	296	51%	126	39%	112	52%
	<b>Total flats</b>	<b>456</b>	<b>78%</b>	<b>212</b>	<b>66%</b>	<b>163</b>	<b>76%</b>
	<b>TOTAL</b>	<b>584</b>	<b>100%</b>	<b>322</b>	<b>100%</b>	<b>214</b>	<b>100%</b>

- 4) **Special needs housing:** the city council's programme of specialist housing for particular needs resulted in 54 completions, comprising 17% of the year's output. This included a development of 33 flats for older people at Milton Village, most of which were designed to extra care standards; and 21 flats for young and vulnerable families requiring intensive management support.
- 5) **Planning agreements:** excluding *Homebuy* purchases, about one in four completions were the outcome of Section 106 planning agreements on private (market) developments during the year to March 2010.

### 5.3 Summarising progress over six years.

Summing up for six years to March 2011 (the Housing Strategy target period) shows almost 2,000 homes can be expected (new build, conversions and open market purchases):

- 1) Dwelling provided, by bedrooms
  - 31% 1 bedroom
  - 51% 2 bedrooms
  - 18% 3+ bedrooms.
- 2) Dwellings provided, by tenure
  - 45% social renting
  - 10% intermediate (sub-market) renting
  - 45% assisted home purchase (shared ownership etc).
- 3) Dwellings provided, by type
  - 26% houses and bungalows
  - 74% flats and maisonettes.
- 4) Dwellings provided, by procurement routes (excluding *Homebuy* purchases)
  - 33% Section 106 agreements on market (commercial) sites
  - 67% Housing association as sole developer.

The rate of provision (new construction and open market purchase) has varied considerably from year to year; the lowest was 91 homes in 2003-04 and the highest was 584 in 2008-09: see appendix 1. But the overall trend since 2005 has been a cumulative increase towards a target of 2,000 affordable homes over six years: see appendix 2. The other long term trend is the increasing emphasis on social renting: see appendix 3.

Capital investment in Portsmouth for the three years ending March 2010 now totals £154 million with at least half sourced from housing associations' own funds and commercial loans: see appendix 4.

### 5.4 Future prospects and implications:

The 2009-10 result – and the cumulative rate of completions since 2005-06 (appendix 2) – illustrates that the provision of affordable housing is a continuing priority for the city council, made possible by the combined efforts and investment from many partner organisations (appendix 4).

The Government has already embarked on substantial reductions in public expenditure with further announcements at the emergency budget of 22 June. One significant implication would be a cut in the Homes and Communities Agency (HCA) budget which will affect the delivery of the city council's affordable housing programme because it cannot be implemented at the same rate as recent years: an annual average of 300 homes will not be possible.

When the public spending reductions have been disseminated by the Government and its agencies (in this instance the Department for Communities and Local Government and the HCA), and assessed by the city council a report can be presented to the autumn cycle of meetings.

**6. EQUALITY AND IMPACT ASSESSMENT**

Not relevant in this instance

**7. HEAD OF LEGAL SERVICE COMMENTS**

There are no immediate legal implications arising from this report.

**8. HEAD OF FINANCE COMMENTS**

If Homes and Communities Agency funding is reduced, schemes planned by housing associations and the City Council such as Watts Road and/or Somerstown phase 1 could be effected with negative consequences for the affordable housing programme.

---

**Signed by Alan Cufley**  
**Head of Community Housing & Regeneration**

The recommendations set out above were approved/ approved as amended/ deferred/ rejected by the Cabinet Member for Housing on 13 July 2010.

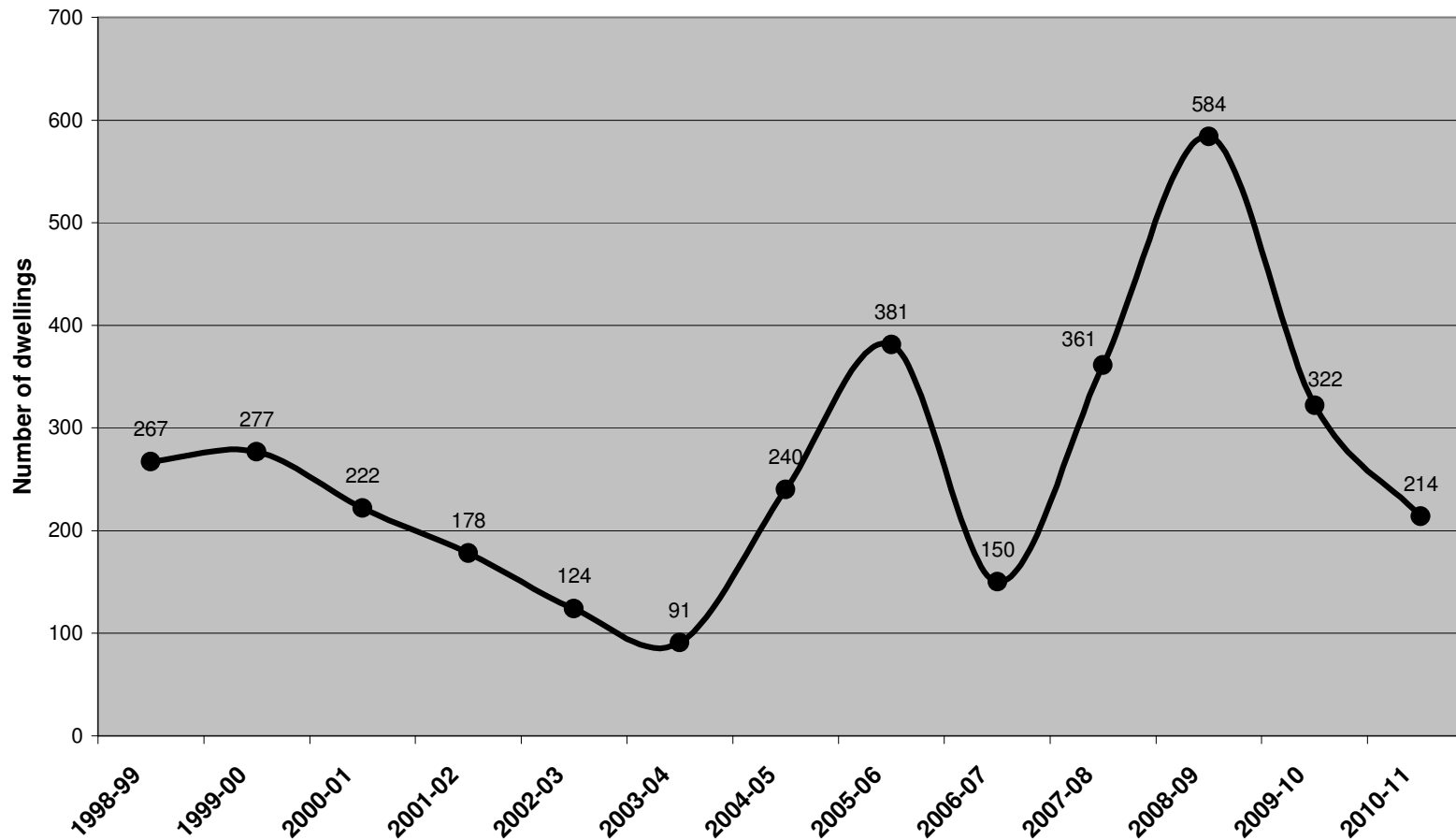
---

**Signed by Councillor Steve Wylie**

**Background list of documents: S 100D of Local Government Act 1972**

None

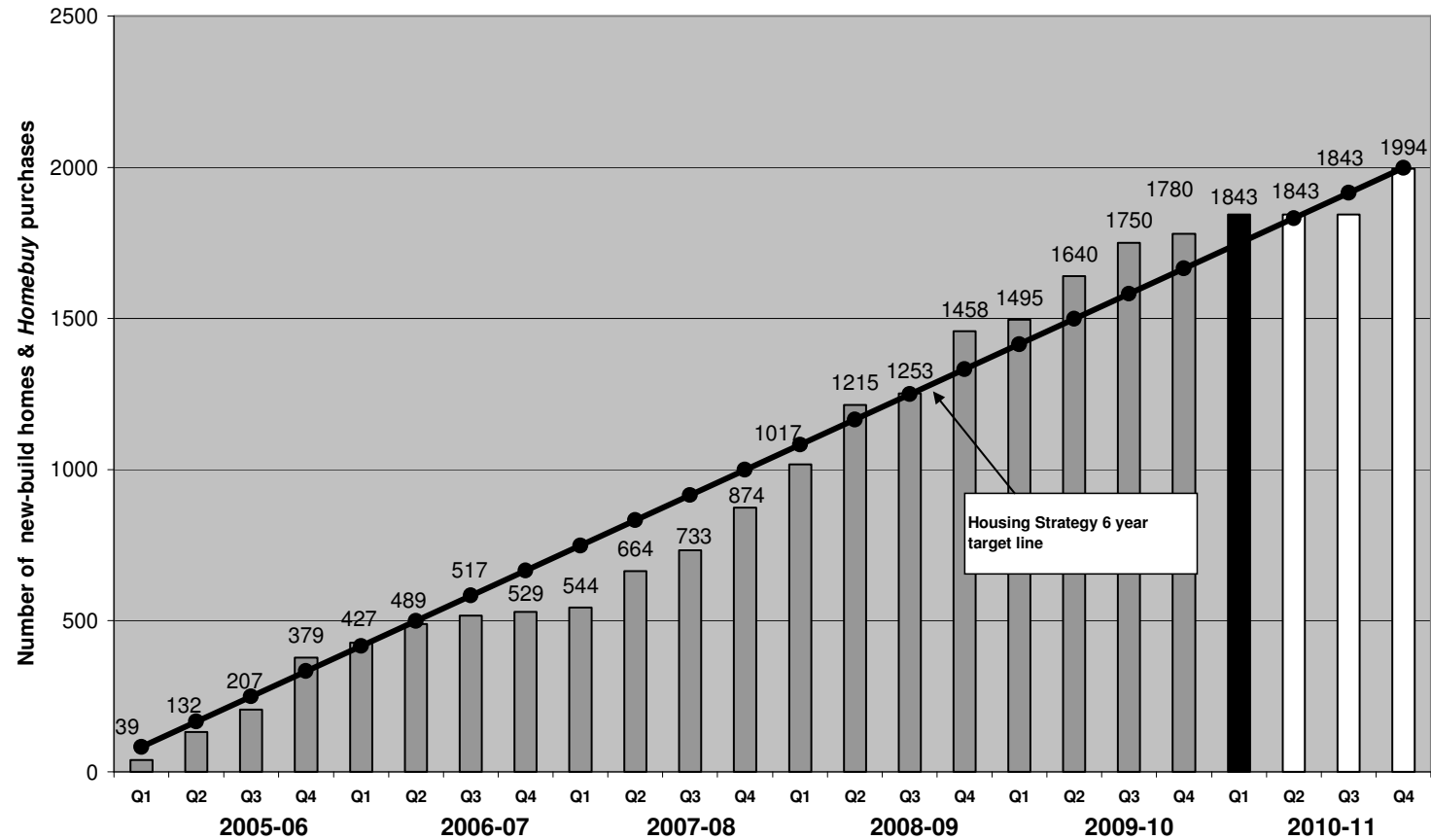
# **NEW AFFORDABLE HOUSING SUPPLY TRENDS IN PORTSMOUTH** Data sourced from the CLG's HSSA annual return and PCC, with forecasts for 2010-11

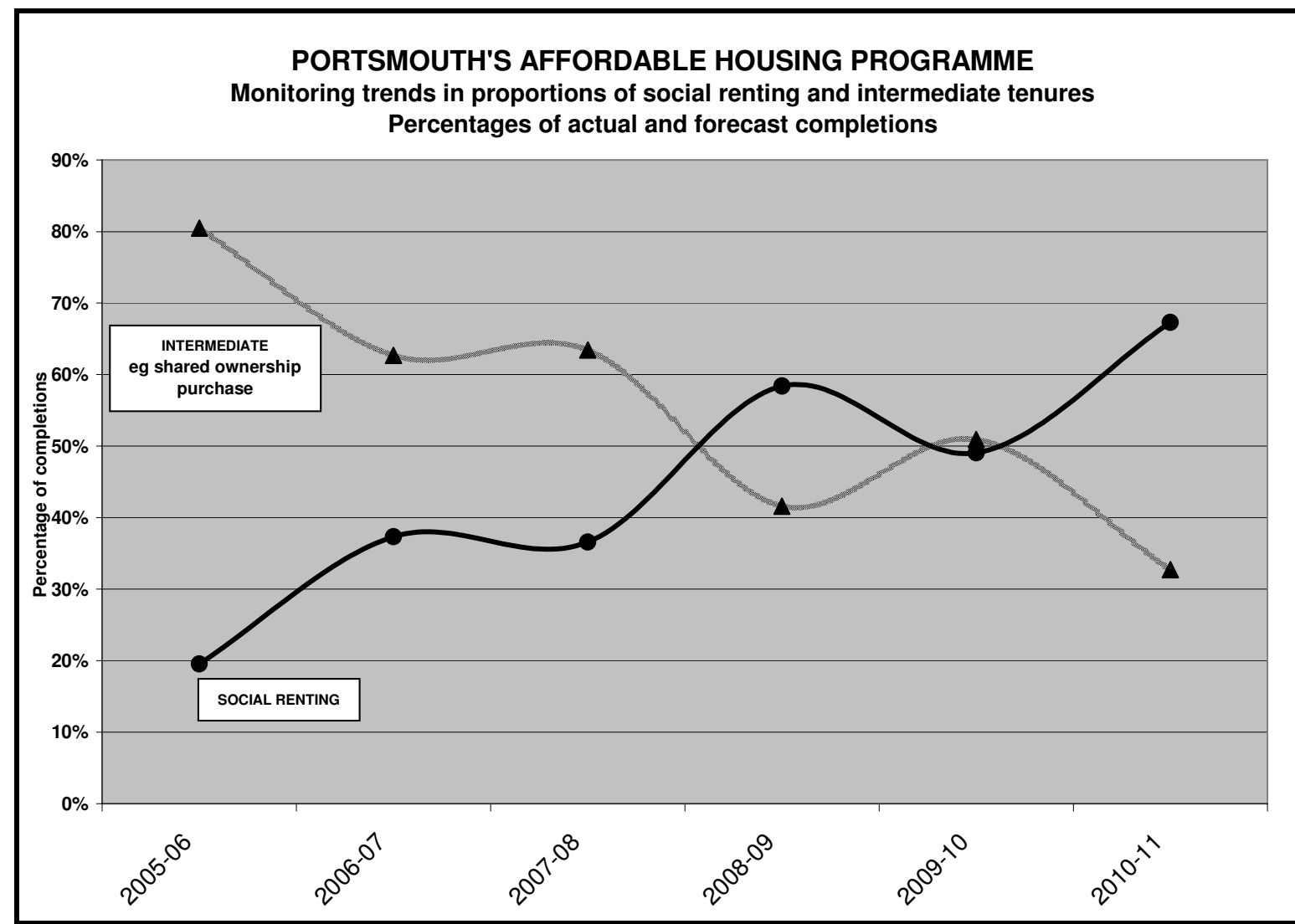


## PORTSMOUTH'S AFFORDABLE HOUSING PROGRAMME 2005-06 TO 2010-11

### Forecasting cumulative completions against Housing Strategy targets

Grey bars are actual completions, white bars are estimates and the black bar is the first quarter of 2010-11





## £154m INVESTED IN PORTSMOUTH'S AFFORDABLE HOUSING PROGRAMME 2007-08 TO 2009-10

