

**Decision maker:** Cabinet Member for Housing

**Subject:** Resources for New Affordable Housing in Portsmouth

**Date of decision** 31 January 2012

**Report by:** Head of Community Housing & Regeneration (Alan Cufley)

**Wards affected:** All

**Key decision (over £250k):** No

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**1. PURPOSE OF REPORT:** to provide a briefing on the new environment for the funding of Affordable Housing.

**2. RECOMMENDATIONS:**

It is recommended that the Cabinet Member for Housing:

- a) **Notes the reduced resources available for developing affordable housing**
- b) **Confirms the aspiration to continue to develop new affordable homes**
- c) **Requests the Head of Community Housing & Regeneration to enter into personal meetings with the main providers of affordable housing.**

**3. REASONS FOR RECOMMENDATIONS**

To take forward development of affordable housing in Portsmouth.

**4. BACKGROUND**

Affordable housing, especially over the last 6 years, has occurred through the combined efforts and investment from many organisations, the bulk of the funding coming from the Homes and Communities Agency (HCA) and Registered Providers (RP) (through loans, direct payments i.e. rent & service charges and recycled grant). A reduction in the national grant available from £8.4 billion to approximately £1.9 billion for 2011-15 will severely curtail the amount of new homes that can be produced utilising this source of funding.

During 2011 the HCA decided upon the 146 organisations nationally that they wish to provide grant to in order to develop new homes. The government has announced that its target of producing 150,000 affordable homes over the 4 years 2011 -15 will be met.

Where grant is allocated it will provide a much smaller proportion of the costs of developing new homes perhaps reducing grant percentages from 30 – 40% to 10 -15%. Providers receiving grant will however be able to charge higher rents in order to meet some of the extra borrowing costs that will be necessary. Rents will therefore rise from approximately 40% of open market levels to nearer 80%. It was thought there might be some flexibility over exact rent levels but the government has driven rents in contracts to the 80% level. So, new build affordable homes and some properties which are relet will be charged at an 80% of open market rent level. It should be noted that affordable homes delivered as part of a planning agreement will not usually be eligible for any grant from the HCA.

Nearly all of the providers of Affordable Housing that develop new affordable homes in Portsmouth or who have stock in the City have now signed contracts with the HCA. Attached at Appendix 1 is a summary of the information on contracts that is publically available on the HCA website. It will be noted that the information relates mainly to the geographical area covered by PUSH.

## **5. HOUSING PROVIDERS IN PORTSMOUTH**

Appendix 1 shows the numbers of new affordable homes that are known about that providers using Homes and Communities Agency grant will develop in Portsmouth over the 2011 – 15 period.

It should be noted that the data does not include any properties developed and for affordable housing by the private sector. The data also does not include any properties to be developed by Portsmouth City Council.

## **6 TENANCY STRATEGIES**

The Localism Act requires local authorities to produce a Tenancy Strategy. This is to be the subject of a separate paper but will cover the information on conversions and flexible tenancies. Discussions with providers will also need to cover their attitude to their tenancy policies.

## **8. EQUALITY IMPACT ASSESSMENT**

An Equality Impact assessment is not required in this instance as the contents of the report will not disproportionately affect one protected characteristic than another but the reduction in national grant levels and changes to rental levels dictated by central government may reduce the numbers of new affordable properties available to households

## **9. LEGAL COMMENTS**

The Head of Legal Services supports the recommendation

## **10. FINANCE COMMENTS**

There are no financial implications arising from this report as it does not recommend any change in the current process or policy. However it should be noted that the services provided by other providers of affordable housing make a material contribution to meeting housing need within the City, which has a positive impact on a range of City Council budgets.

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**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 31 January 2012.

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**Signed by Councillor Steve Wylie**

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

Appendix 1