

Agenda Item No: 11
Report To: Cabinet
Date: 14th July 2016
Report Title: Affordable Housing Provider Protocol
Report Author: Jennifer Shaw, Housing Strategy Manager
Portfolio Holder: Cllr Clokie



Summary:

The challenging financial environment for the delivery of affordable housing has seen a number of alternative models of delivery evolve. This report presents a set of criteria to ensure the affordable housing needs of local residents are met by any model being proposed and the Council's reputation and financial interests are safeguarded.

Key Decision: NO

Affected Wards: All

Recommendations: **The Cabinet be asked to:-
Approve the revised eligibility criteria to widen the scope of affordable housing delivery in the Borough to meet local housing needs.**

Policy Overview: The Protocol supports the Corporate Plan 2015-2020, Priority 2: Living Ashford:

Quality Housing and Homes For All

Financial Implications:

There are only likely to be any financial implications to the Council whereby a specific development/delivery model includes an aspect of joint venture/SPV or underwriting/guarantee by the Council. In such cases the implication for the Council would be appraised before any delivery agreement is reached

Risk Assessment

NO – any individual delivery model will be risk assessed at the appropriate time

Equalities Impact Assessment

YES – please see Appendix 2

Other Material Implications:

Exemption Clauses:

N/A

Background Papers:

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Report Title: Affordable Housing Provider Protocol

Purpose of the Report

1. To explain how recent legislative changes and funding pressures have reduced and will continue to reduce 'traditional' affordable housing development programmes.
2. To present an updated version of the existing eligibility criteria to develop affordable housing in the Borough for Member approval. This is to allow for a wider range of models to be considered in the future whilst maintaining quality development and management. This will open opportunities to explore alternative delivery models to boost supply, where traditional forms of affordable housing delivery may not be viable.

Issue to be Decided

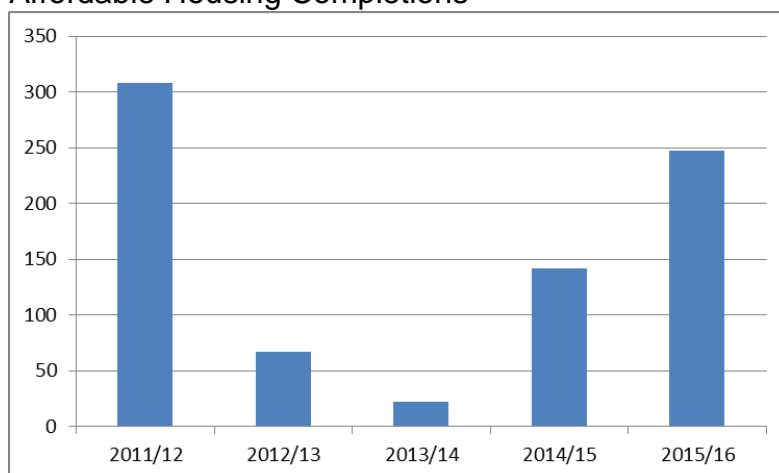
3. Member approval is sought on the revised eligibility criteria that both Registered Providers and Non-Registered Providers of affordable housing will need fulfil in order to maintain a programme of quality affordable housing delivery in the Borough.

Background

4. The Affordable Housing Development Protocol was introduced in 2009 to provide an opportunity for Registered Providers of Social Housing to demonstrate their commitment to the development and management of affordable housing and to widen the scope for new registered providers to work in the Borough. The protocol moved away from the previous 'preferred partners' approach which had effectively reduced competition and innovation by only working with a selective number of providers.
5. Through the protocol a number of criteria were set to ensure the registered providers developed and managed homes to certain standards. Over the past 5 years these criteria have been reviewed and refined to ensure the providers were competent and committed to affordable housing delivery and the management of their stock in the Borough.
6. The current challenges (rent reduction programme and reduced grant funding) faced by Registered Providers in developing 'traditional' affordable housing (social rent, affordable rent and shared ownership) threatens the continued supply of affordable housing to meet local housing needs as development programmes shrink. This could be through s106 agreements with developers, on housing association sites and by local authority new build.
7. Many Housing Associations are now building open market and market rent homes to subsidise their affordable housing programmes but the opportunities for them to compete with the volume housebuilders to bring forward mixed tenure sites are limited.

8. With an identified need for 368 affordable homes per year (the Strategic Housing Market Assessment) it is necessary to consider additional ways to bring a range of housing opportunities forward in the borough to meet the needs and aspirations of all residents, now and in the future.
9. The number of affordable homes completed has fluctuated as shown in the chart below. An increase to 247 homes was seen in 2015/16 but still falls short of the 368 homes needed per year.

Affordable Housing Completions



10. The principle of the Affordable Housing Protocol remains consistent – to ensure quality development and management of affordable housing in the Borough. However the Affordable Housing Protocol needs to be responsive to enable other providers to demonstrate how their affordable housing products can help meet local housing needs.
11. This will potentially widen the opportunity to increase the affordable housing available in the Borough and potentially ‘unlock’ the affordable housing provision on sites that the registered providers, due to financial restraints, maybe unable or unwilling to deliver.

The Revised Affordable Housing Providers Protocol

12. Housing providers registered with the Homes and Communities Agency (HCA) will be the first choice of the Council to deliver affordable housing in the borough.
13. Non registered housing provider products will be considered where they can increase the number of homes available to those resident’s unable to purchase or rent through the open market and cannot be delivered by a Registered Provider.
14. Registered Providers will have to provide evidence that they meet the HCA economic and consumer standards.
 - They will need to have an HCA governance (G) and financial viability (V) rating of G1 and V1 or where a provider has a G2 and/or V2 rating to demonstrate they are working towards G1 and/or V1.

- They will be required to demonstrate that they have not had a referral to the HCA Consumer Regulation Panel in the previous 12 months or if there has been a referral what steps have been taken to address the issue.
 - If the Registered Provider does not currently have housing stock in the Borough they must evidence how they will manage those units to the satisfaction of the Head of Housing. This could include an arrangement for the homes to be managed by another Registered Provider who has stock in the Borough including the Council's Housing Estates Management Team.
15. Non Registered Providers will have to demonstrate to the satisfaction of the Head of Housing:
- They have a social ethos and robust evidence to support this.
 - The housing product promoted will meet local housing need.
 - On an allocated housing site the project will bring additional homes above those that are provided as the affordable housing quota of a s106 agreement. Housing products targeted at social rent levels (approximately 60% of market rent) may be considered as part of the affordable housing quota.
 - The management of the homes will be undertaken by a responsible organisation capable of ensuring properties are maintained to a high standard and any issues relating to occupiers can be resolved swiftly. Where a management agreement is to be put in place it is expected that an existing registered provider with local housing stock and/or the Council would be given the first opportunity to bid for such estate management work.
 - The provider should ensure there is a mechanism by which the homes can be offered to future occupiers with the same or similar opportunity for less than market rent or purchase. If the home is purchased outright by an occupier then the capital gain should be recycled to provide further affordable housing in the borough.
 - The Council will require the provider to enter into a binding agreement to safeguard the interests of the council and residents of the scheme to ensure as far as is reasonably practical the scheme remains for the purpose it was built for and for the timescale that was originally negotiated.
16. The Property Company: ABC Property. Opportunities to deliver affordable housing will be also be shared with the Council's property company: A Better Choice for Property.
17. Each Housing Provider will be required to complete a set of questions (Appendix 1) to assess if they meet the criteria outlined above. If successful and accepted to develop affordable housing in the Borough they would be required to renew the criteria every 3 years or sooner if there was a significant change within the organisation, or if legislation impacted on their ability or commitment to provide and manage affordable housing.

Risk Assessment

18. With the increasing number of different affordable housing models entering the market, any new proposal presented to the Council would be assessed to ensure it would meet local housing needs and pose minimal financial and reputational risk to the Council.

Equalities Impact Assessment

19. Completed and no adverse impacts identified – Attached at Appendix 2.

Consultation

20. The Portfolio Holder for Housing and Home Ownership has been involved in the review of the Affordable Housing Provider Protocol.
21. The Registered Providers currently eligible to develop affordable housing in the Borough were asked for their views on the revised criteria. Two responses were received which broadly welcomed the revised criteria.

Handling and Monitoring

22. The approved criteria will be made available on the Council's website.
23. Organisations developing and managing affordable housing in the borough will be expected to attend the relevant development or management forum organised by Ashford Borough Council.
24. In addition to the 3 yearly review to ensure each provider continues to meet the criteria; Housing Providers registered with the Homes and Communities Agency will be required to notify the Council should their Governance and Viability rating change or a consumer issue is referred to Consumer Regulation Panel and the Registered Provider will be required to provide their regulatory ratings annually.
Non-registered providers will be required to provide an annual report detailing their developments and any future schemes, together with a report on management of the homes in their portfolio and how they are delivering against their social goals.
25. Both registered and non-registered providers must ensure that the Housing Enabling Officer is involved in the planning and design of any new development. After construction commences invitations are then extended to the Enabling Officer to attend regular site meetings.

Conclusion

26. The revised Affordable Housing Protocol will provide a framework to ensure the continued delivery of affordable housing to meet a range of local housing needs.
27. By opening up the protocol to non-registered housing providers it is anticipated that this will widen opportunities to increase the range of

affordable housing models and therefore improve delivery in a constrained market.

Portfolio Holder's Views

28. "This protocol should ensure the continued inflow of affordable housing investment, despite the current ever changing environment of government regulations."

Contact: Jennifer Shaw, Housing Strategy Manager

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Eligibility criteria to develop affordable housing in the Borough of Ashford Kent



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Civic Centre
Tannery Lane
Ashford, Kent
TN23 1PL

Please complete and return to:
David Jeffrey, Housing Enabling Officer
Ashford Borough Council
or by email to david.jeffrey@ashford.gov.uk

Introduction

Ashford Borough Council welcomes organisations to work in partnership with the Council and other local agencies to deliver high quality affordable housing in the Borough.

To ensure organisations are competent and committed to affordable housing delivery and management in the Borough each is required to meet the eligibility criteria of the development protocol as set out below. This will enable Ashford Borough Council to make an open and transparent decision on the ability of an organisation to deliver and manage affordable housing whilst ensuring all interested organisations have a fair and equal opportunity to demonstrate how they would operate in the Borough.

Ashford Borough Council Housing Services is committed to continuous improvement and will review the eligibility criteria on a regular basis and require organisations to renew their protocol arrangement every 3 years unless circumstances require an earlier review.

Specialist housing providers who are unable to fulfil all the criteria should provide an additional statement to explain any omissions in completing the protocol. Priority will be given to housing providers registered with the Homes and Communities Agency (HCA).

Organisational Details

Organisation

Address

.....

..... Postcode

HCA registered number (if applicable)

Contact:

Name Telephone Number

Designation/Job Title

Email

Date



Ashford Borough Council Use Only

Checked by Date

Approved development organisation Yes/No

Organisation informed
of outcome (date) Date for renewal

Eligibility Criteria

Section 1: For housing providers registered with the Homes and Communities Agency

1. Regulation

a) Please provide your current rating from the Homes and Communities Agency for:

Governance

Viability

If this is below G1 and V1 please provide evidence of how you are working towards G1 and/or V1

b) Please state if you have been referred to the HCA consumer regulation panel in the last 12 months. If yes, please explain why and what action is being taken to address the issue.

2. Choice Based Lettings

Is the organisation a member of Kent HomeChoice? (yes/no)

If no, please demonstrate a commitment to join Kent HomeChoice

3. Housing Management

Do you currently have housing stock in the borough? (yes/no)

If no please state how any homes you develop will be managed

4. Annual Report

Please provide the latest copy of your organisations Annual Report.

5. Types of Accommodation

What types of accommodation/schemes does your organisation specialise in?
(Tick those that apply)

- General Needs Housing – Rented
- General Needs Housing – Shared Ownership
- Rural Needs Housing – Rented
- Rural Needs Housing – Shared Ownership
- Supported Housing – Older Persons
- Supported Housing – Vulnerable Persons
- Starter Homes
- Other – please specify below

6. Partnership working

Can the organisation confirm its commitment to attend and participate in the:

- Ashford HA Development Forum,
- Ashford HA Management Forum,
- Ashford Rural Round Table (as required),
- Enquiry by Design Workshops,
- Consultation with members and residents via Housing Enabling Officer

Can the organisation confirm it will invite the Housing Enabling Officer to regularly attend construction site meetings?

7. Social Inclusion

Can the organisation demonstrate a commitment to encourage the employment and or training opportunities of local people when developing property in Ashford?

Section 2: For housing providers NOT registered with the Homes and Communities Agency

Please answer the flowing questions and provide a written statement to support your submission.

1. Governance

a) Please explain the structure of your organisation, accountability and long term vision

b) How closely do you compare with all the HCA regulatory standards?

2. Project finance

a) What are the sources of the investment for the project? Can you evidence that this funding is long term i.e. a greater than 20 year commitment.

b) What measures are taken to ensure the homes are not sold if the funder wishes to realise their investment?

3. Project stability

a) What arrangement is made with regards to the length of time the homes will be available as affordable housing. i.e. if working in partnership with the local authority the length of lease and option to renew

b) How and where (i.e. within the borough) will any receipts from shared owners staircasing be reinvested?

4. Meeting local housing need

a) Any rent levels need to be at or below the local housing allowance rates, can this be complied with?

b) For shared ownership what are the expected level of entry shares.

c) Will there be any restrictions on shared owners acquiring full ownership? If a shared owner staircases out to full ownership and wish to sell the property, would you consider including an option to buy back and resell the property at a lower share?

5. Standards, design quality and management

a) Will the homes meet or exceed a standard equivalent of decent homes standard and/ or any local space standards in force at the time such as the Ashford space standards?

b) Please demonstrate your commitment to design quality by providing examples of where you have achieved high quality design in previous schemes you have developed.

c) What arrangements will be made for the allocation and ongoing management of the homes. Would you consider using an existing local affordable housing provider to manage the homes?

6. Examples

Please provide examples of similar projects delivered elsewhere.

7. Commitment

The council will require you to enter into a binding agreement to safeguard the interests of the council and residents of the scheme to ensure as far as is reasonably practical the scheme remains for the purpose it was built for and for the timescale that was originally negotiated.

Are you willing to enter into such an agreement?

Yes No



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Impact Assessment

When is an assessment needed?

Councils must assess the impact of **proposed policies or practices** while they are being developed, with analysis available for members before a decision is made (i.e. at Cabinet).

Broadly, *policies and practices* can be understood to embrace a full range of different activities, such as Cabinet decisions which substantially change the way in which we do something, setting budgets, developing high-level strategies, and organisational practices such as internal restructuring. Assessments should especially be undertaken if the activity relates closely to an equalities group (see next page).

Importantly, this does not include reports that are 'for note' or do not propose substantial changes – assessments should only be considered when we propose to do something differently.

Assessments should also be carried out when conducting a large-scale review of **existing policies or practices** to check that they remain non-discriminatory. This does not mean filling out an assessment on every report on a subject – it is up to you to decide if the report's scope or scale warrants an assessment

1. General Information	
1.1 Name of project, policy, procedure, practice or issue being assessed	Affordable Housing Providers Protocol
1.2 Service / Department	Housing
1.3 Head of Service	Sharon Williams
1.4 Assessment Lead Officer	Jennifer Shaw, Housing Strategy Manager
1.5 Date of Assessment	1 June 2016
1.6 Is this assessment of an existing or a proposed project, policy, procedure, practice or issue?	Review of an existing protocol

2. What is Being Assessed?	
2.1 What are the aims of this project, policy, procedure, practice or issue?	To ensure providers of affordable housing meet an agreed set of standards to ensure quality development and management of affordable homes for local residents
2.2 Who is intended to benefit from this project, policy, procedure, practice or issue?	Local residents seeking affordable housing
2.3 Who else is involved in the provision of this project, policy, procedure, practice or issue? i.e. other sections, public or private bodies	
- within Ashford BC	Legal, finance, planning
- from other agencies	Registered providers (including Housing Associations), other affordable housing providers, developers

3. Possible Sources of Information

In order to assess the impact of proposed decision it is important to bring together all information you have on it to, analyse them and come to conclusions on how it affects those with protected characteristics.

Information on a policy, project or procedure can come in many forms :-

- Census and other demographic information
- User satisfaction and other surveys
- Previous consultation exercises
- Performance Indicators
- Eligibility Criteria
- Service uptake data
- Complaints
- Customer Profiling
- MOSAIC data

In order to come to conclusions on impacts in section 4 you **must** have taken in to account all appropriate information, and be able to provide this if necessary in support of the judgements you make.

Also, it is not enough to have broad information on service users – to meet equalities duties this information **must** be broken down – where applicable – into the relevant protected characteristics which may be affected by this decision. For example, when considering disabled access to a new community facility, overall usage figures are not enough – an understanding of how many disabled users within this total must be demonstrated.

The protected characteristics are :-

Age	Disability	Gender reassignment	Marriage and civil partnership	Pregnancy and maternity
Race	Religion and belief	Sex	Sexual orientation	

More information on the definitions of these characteristics can be found here - <http://www.equalityhumanrights.com/advice-and-guidance/new-equality-act-guidance/protected-characteristics-definitions/>

4. What judgements can we make?				
4.1 Does the evidence already available indicate that the project, policy, procedure, practice or issue may affect these groups differently? (please check the relevant box and provide evidence where possible)	Positive Impact?	Negative Impact?	No Differential Impact	If yes, can it be justified (and how)?
Impact Factors:				
Age (please detail any specific groups considered)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Disability (please detail any specific groups considered)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Gender (please detail any specific groups considered)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Gender Reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Marriage / Civil Partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Pregnancy & Maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Race (please detail any specific groups considered)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Religion / Belief	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Sexual Orientation (please detail any specific groups considered)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Other (please specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

5. Conclusions	
5.1 Does the decision maximise opportunities to promote equality and good inter-group relations? If "yes" please state how?	<input checked="" type="checkbox"/> Yes in line with current Council policies <input type="checkbox"/> No
5.2 Based on the answers to the above can we confidently say that in its present form the decision treats different groups <u>fairly</u> (bearing in mind "fairly" may mean differently) and that no further amendment is required?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If further action is identified to ensure fair impacts please complete the Action Plan available on the intranet and attach it to this form	

6. Monitoring and Review	
How will monitoring of this policy, procedure or practice be reported (where appropriate)?	The protocol will be monitored through the affordable housing providers' development forum. Feedback will be discussed with the Head of Housing and the Portfolio Holder
When is it proposed to next review the project, policy, procedure, practice or issue?	<p>Once a housing provider has been assessed against the criteria this remains active for 3 years. If there is a significant change in their circumstances or methods/models associated with development of affordable housing, an earlier review would be triggered of an individual organisations ability to meet the criteria.</p> <p>A wholesale review of the criteria will be undertaken in 3 years unless there is a change in legislation or practice that affects how affordable housing can be developed which will prompt an earlier review of the criteria.</p>
Any additional comments?	