

PERTH and KINROSS COUNCIL

Affordable Housing Member Officer Working Group – 22 October 2012

Affordable Housing Commuted Sums 2011/2012

ABSTRACT

This report details the affordable housing commuted sums received and committed to projects for the year 2011/2012.

1. Recommendation

It is recommended that the Affordable Housing Member Officer Working Group:

- 1.1 Note affordable housing commuted sums committed expenditure as set out in appendix 1.

2. Background

- 2.1 In a report (07/72) to the Enterprise & Infrastructure Committee on 17 January 2007 a commitment was given to publishing an annual report on affordable housing commuted sums. The report is published on the Council's website and details:
 - A summary of the total contribution in each Housing Market Area (HMA).
 - A summary of the total spend in each HMA.
 - A record of how commuted sums have spent.
- 2.2 Commuted sums have been accepted from developers in lieu of the provision of the affordable housing contribution on or off site since May 2006. The first Annual Report was published in June 2008 covering the period May 2006 to 31 March 2008 and was updated in 2009, 2010 and 2011. Copies of all reports have been previously published on the Council website. This Annual Report updates the position to 31 March 2012 and will be published on the Council's website.

3. Commuted Sums received by HMA 2006-2012

- 3.1 The table below indicates the total commuted sums collected, the total amount spent or approved for investment and the outstanding balance in each Housing Market Area (HMA) at 01 June 2012.

Table 1: Commuted Sums Received and Committed Expenditure (1/6/12)

HMA	Total contributions received (£)	Total contributions spent / committed (£)	Outstanding balance (£)
Strathmore & Glens	175,875	173,237	2,638
Highland	579,750	370,657	209,093
Kinross	328,750	155,489	173,261
Strathearn	453,669	416,237	37,432
Perth	670,083	333,537	336,546
Perth Centre	0	0	0
Administration	-	116,185	-
TOTALS	2,208,127	1,449,157	758,970

Notes: - Administration is approximately 5.5% of the total contributions received and includes fees associated with valuation of commuted sums and the officer Affordable Housing Enabler post (Financial years 2009/10, 2010/11, 2011/12). For recording purposes Perth Centre is treated as a sub area of the Perth HMA

3.2 Its noted it was previously agreed by the Enterprise & Infrastructure Committee that in any individual year contributions may be aggregated for use in any of the HMAs although the aim should always be to ensure that all contributions are spent within the same HMA as they were generated within the 5 year period.

4. Commuted Sums investment and approvals 2011/12

4.1 A limited amount of commuted sums were spent in the period 01 April 2011 to 31 March 2012. This was principally due to the delay in the Scottish Government's Innovation & Investment Fund (I&IF) approach to RSLs securing approval for funding which meant that projects had to be delayed until a start date of 2012. Because of this delay there are a number of applications which have been submitted this year and will take up much of the commuted sums funding if approved (see Section 5).

4.2 Two commuted sums were paid to RSLs in the period 01 April 2010 to 31 March 2011. These totalled £87,500 and were both spent at the Hillcrest HA development at 2 Swansacre, Kinross. This project was for the redevelopment of a property to provide 4 social rented units, the sums were spent on the extra costs incurred with development works necessary in a conservation area.

4.3 Four commuted sums totalling £198,000 have been approved and committed to a project by Hillcrest HA at Maxton Road in Crieff. This project is a priority in the Council's Strategic Housing Investment Programme (SHIP) and the Strategic Local Programme (SLP).

4.4 The development will result in 8 social rented units, none of which would be deliverable without the additional commuted sums funding. The spend of the funds here has been delayed due to the Scottish

Government's I&IF bidding process which resulted in the project having to be started in the funding year 2012/13.

- 4.5 A further application in the Strathearn HMA for £195,000 by Hillcrest HA at Kirkton, Auchterarder has also been approved. This will help to deliver 12 social rented units on this site. Again the spend has been delayed due to the economic downturn which has caused the developers to delay in finalising the negotiations of the section 75 agreement thereby allowing the release of the planning permission and in turn development on the site.

5. Anticipated applications for use of commuted sums

- 5.1 There are currently three applications for the use of commuted sums outstanding from RSLs seeking funding to meet development costs and work alongside the reduced HAG funding to deliver affordable housing.
- 5.2 Hillcrest HA are seeking funds of £100,000 for a project at Bridgefauld Road, Kinross. This will be the development of 10 affordable houses.
- 5.3 Caledonia HA are currently seeking funds for a project at Lower Oakfield in Pitlochry (£120,000) and at Muirton (£250,000) in Perth. If approved the commuted sums will contribute to the delivery of approximately a further 35 affordable housing units; again all the units will be for social rent thereby going some way to meeting the Council's priority affordable housing need.
- 5.4 These applications will be detailed in the Affordable Housing Member/Officer Working Group commuted sum update for 2012/2013.

6. Current market situation

- 6.1 In the period 01 April 2011 to 31 March 2012 two commuted sum payments have been received totalling £45,060.
- 6.2 It is not anticipated that the number of commuted sum payments will improve markedly until such time as the overall market situation improves, however, a number of commuted sums have been agreed with the larger volume house builders and are to be paid 'up front' at planning permission rather than phased in section 75 agreements. This will help keep a stream of commuted sums coming in to the fund over the next year.

7. Conclusion

- 7.1 The delivery of affordable housing is a key priority for the Council and it is recommended that the Affordable Housing MOWG note the commuted sums received and spent/committed to projects to deliver affordable housing. The report has provided an overview of the

commuted sums and the appendix provides the full details of all the relevant planning applications including the commuted sums received and projects benefitting from the funds.

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Appendix 1

Below is a detailed breakdown of the invested commuted sums for projects in the year 2011/2012 and the HMAs they relate to:

Planning ref.	Contribution amount (£)	Spend amount (£)	Project ref.	HMA	Details of spend
06/01517/FUL	56250	37500	09/HHA/K/010	Kinross	2 Swansacre
06/01496/FUL	37500	37500	09/HHA/K/010	Kinross	2 Swansacre
06/01332/FUL	81250	7252	09/HHA/K/010	Kinross	2 Swansacre AHP admin
		23237	PKC	Kinross	recharge
06/01223/FUL	43750	20513	12/HHA/S/014	Strathearn	Auchterarder
06/01253/FUL	31250	31250	12/HHA/S/014	Strathearn	Auchterarder
06/02324/FUL	93750	93750	12/HHA/S/014	Strathearn	Auchterarder
06/00011/FUL	63419	49487	12/HHA/S/014	Strathearn	Auchterarder
		13932	12/HHA/S/015	Strathearn	Crieff
06/00714/FUL	37500	37500	12/HHA/S/015	Strathearn	Crieff
07/00008/FUL	31250	31250	12/HHA/S/015	Strathearn	Crieff
06/02691/FUL	31250	31250	12/HHA/S/015	Strathearn	Crieff
07/02599/REM	31250	31250	12/HHA/S/015	Strathearn	Crieff
12/00285/FLM	90250	52818	12/HHA/S/015	Strathearn	Crieff AHP admin
		23237	PKC	Highland	recharge AHP admin
07/00612/FUL	137500	23237	PKC	Perth Strathmore & the Glens	recharge AHP admin
11/00561/FLL	25875	23237	PKC		recharge

Details of the commuted sums invested in RSL affordable housing projects prior to 2011:

Planning ref.	Contribution amount (£)	Spend amount (£)	Project ref.	HMA	Details of spend
05/02241/FUL	56250	31420	08/PHA/H/005	Highland	Birnam
05/02241/FUL		24830	09/PHA/H/008	Highland	Pitlochry
06/02750/FUL	31250	31250	09/PHA/H/008	Highland	Pitlochry
07/00065/FUL	31250	31250	09/PHA/H/008	Highland	Pitlochry
06/02774/FUL	112500	107670	09/PHA/H/008	Highland	Pitlochry
06/01167/FUL	31250	31250	07/PHA/E/001	Strathmore & the Glens	Coupar Angus
06/01276/FUL	87500	87500	07/PHA/E/001	Strathmore & the Glens	Coupar Angus
07/01124/FUL	31250	31250	07/PHA/E/001	Strathmore & the Glens	Coupar Angus
06/02017/FUL *	31250	31250	07/PHA/E/001	Strathmore & the Glens	Coupar Angus
06/01517/FUL *	56250	18750	07/PHA/E/001+A	Strathmore & the Glens	Coupar, Angus AHP admin
06/01223/FUL	43750	23237	PKC	Strathearn	recharge
06/00126/OUT	37500	37500	07/KHA/P/004	Perth	Leonard Street
05/02450/FUL	31250	31250	07/KHA/P/004	Perth	Leonard Street
06/02012/FUL	37500	16250	07/KHA/P/004	Perth	Leonard Street

		21250	09/PHA/P/006	Perth	Burrelton
06/02277/FUL	56250	56250	09/PHA/P/006	Perth	Burrelton
06/02705/FUL	6250	6250	09/PHA/P/006	Perth	Burrelton
06/01299/FUL	25000	25000	09/PHA/P/006	Perth	Burrelton
07/00165/FUL	12500	12050	09/PHA/P/006	Perth	Burrelton
		450	09/KHA/P/007	Perth	Leonard Street
07/01393/FUL	56250	56250	09/KHA/P/007	Perth	Leonard Street
07/00612/FUL	137500	47800	09/KHA/P/007	Perth	Leonard Street

Notes

* 06/02017/FUL and 06/01517/FUL both commuted sums from Kinross HMA which covered the £50,000 overspend from the Strathearn & the Glens HMA in 2008. This is covered in the commuted sums report to the Affordable Housing MOWG for the year 2008 (report dated 06 June 2008) but in brief it was due to overspend on one project in this area (Perthshire HA project for 12 affordable flats in Coupar Angus).

HHA – Hillcrest Housing Association
CHA – Caledonia Housing Association
PHA – Perthshire Housing Association
KHA – Kingdom Housing Association