

## PERTH AND KINROSS COUNCIL

## Affordable Housing Member / Officer Working Group

20 May 2013

## Affordable Housing Commuted Sums Annual Monitoring Report 2012/13

## Report by Head of Planning &amp; Regeneration

**PURPOSE OF REPORT**

This report details the affordable housing commuted sums received, spent and committed to projects for the year 2012/2013 as well as the affordable housing credits accrued and used in agreement with the Council.

**1. Background / Main Issues**

- 1.1. 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.
- 1.2. 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, 2011 and 2012. Copies of all reports have been previously published on the Council website. This Annual Report updates the position to 31 March 2013 and will be published on the Council's website.

**2. Commuted Sums received by HMA 2006-2013**

- 2.1. The table below indicates the total commuted sums collected, the total amount spent or approved for spend and the outstanding balance in each Housing Market Area (HMA) at 31 March 2013.

<b>HMA</b>	<b>Total contributions received</b>	<b>Total contributions spent / committed</b>	<b>Outstanding balance</b>
Eastern	£193,125	£173,237	£19,888
Highland	£603,500	£420,657	£182,843
Kinross	£332,500	£255,489	£77,011
Strathearn	£453,670	£416,237	£37,433
Perth	£740,750	£683,537	£57,213
Administration 2009-12		£116185 +	£-116185
<b>TOTALS</b>	<b>£2,323,545</b>	<b>£1,949,157</b>	<b>£374,388</b>

Notes: - Administration is approximately 5.5% of the total contributions received and includes fees associated with valuation of commuted sums and the Affordable Housing Enabler post (Financial years 2009/10, 2010/11, 2011/12. Salary recharge for 2012/ 13 not yet known).  
For recording purposes Perth Centre is treated as a sub area of the Perth HMA

### 3. Commuted sums spend

- 3.1. The table below indicates those commuted sums which have been spent and the projects to which they have been paid to in the period 01 April 2012 to 31 March 2013.

Spend amount (£)	Project ref.	RSL.	HMA	Details of spend
£198,000	12/HHA/S/014	Hillcrest	Strathearn	Maxton Road, Crieff
£121,000	12/CHA/H/013	Caledonia	Highland	Lower Oakfield, Pitlochry

- 3.2. The commuted sums spent at the Caledonia HA development at Lower Oakfield, Pitlochry, provided 14 social rented units (8 provided by Caledonia, 6 provided by Perth and Kinross Council) as well as 6 flats for sale by the developer. The sums contributed to a shortfall in capital costs to Caledonia HA.
- 3.3. The commuted sums spent at the Hillcrest HA development at Maxton Road, Crieff contributed to the cost of building 8 social rent affordable housing units on this site. As part of the Innovation & Infrastructure Fund in 2011, the Scottish Government approved Hillcrest's application for housing association grant funding for this project; the commuted sums monies were needed to pay for additional development costs which became apparent during the tender process due to difficult ground conditions and the sloping site.

### 4. Commuted sums commitments

- 4.1. The table below indicates those commuted sums which have been approved and committed, and the project to which they are attached to. The projects are priorities in the Council's Strategic Housing Investment Programme (SHIP) and the Strategic Local Programme (SLP).

Spend amount (£)	Project ref.	RSL	HMA	Details of spend
£195,000	12/HHA/S/015	Hillcrest	Strathearn	Kirkton, Auchterarder
£50,000	12/CHA/H 016	Caledonia	Highland	Birnam
£250,000	12/CHA/P/018	Caledonia	Perth	Muirton
£100,000	12/HHA/P/020	Hillcrest	Perth	Jeanfield Road
£100,000	12/HHA/K/019	Hillcrest	Kinross	Bridgefauld Road, Milnathort

- 4.2. The committed funding at Kirkton, Auchterarder will enable delivery of 12 Affordable units to rent, helping to meet a priority need for social rented accommodation. The commuted sums, along with RSL private finance will make up the shortfall in funding following a reduction in funding from the Scottish Government.

- 4.3. The committed funding at Birnam is essential to deliver 5 2-bed social rented flats as social rented accommodation. The additional funding is necessary due to the decrease in funding from the Scottish Government. The units will help to relieve very high waiting list pressure in the settlement.
- 4.4. As part of the wider Muirton Regeneration Area Caledonia Housing Association are delivering 25 social rented houses. The commuted sums funding is necessary to enable the RSL to keep rents at the level required for social rented tenure and therefore help to meet the Council's priority need. Without the funding it would be necessary for the RSL to increase the rents to mid market levels.
- 4.5. At Bridgefauld Road, Milnathort, the commuted sums agreed will help to deliver 10 affordable housing units for social rent as a first phase of development on the wider site. The Council will also work with Hillcrest HA on a second phase of development to delivery an additional 10 local authority new build houses. The first phase units will predominantly be funded by the Scottish Government, however as this funding has reduced additional funding was considered necessary to enable development to progress to help deliver the Council's priority tenure.
- 4.6. The development at Jeanfield Road, Perth is for a total of 40 flatted units. The commuted sum agreed will help to deliver 8 2-bed units for social rent. Hillcrest HA will deliver these units alongside 16 units for mid market rent. In addition, the Council will take possession of 16 1-bed flats as part of the local authority new build programme. The commuted sums are needed to ensure that the 8 2-bed units are delivered as social rent. The units will contribute to meeting the identified need for social rent units in Perth City Centre evidenced by waiting list pressure.
- 4.7. All of the applications have been subject to the approval process agreed by the Enterprise and Infrastructure committee on the 17 January 2007. The majority of the applications were for under £200,000 and have therefore been approved under delegated powers to the Executive Director (Environment). The Application to use commuted sums at the Muirton scheme exceeded the agreed delegated figure, so the decision to use funds on this project was taken by the Enterprise and Infrastructure committee on 7 November 2012. No applications have been turned down in the period 01 April 2012 to 31 March 2013.

## **5. Outstanding applications**

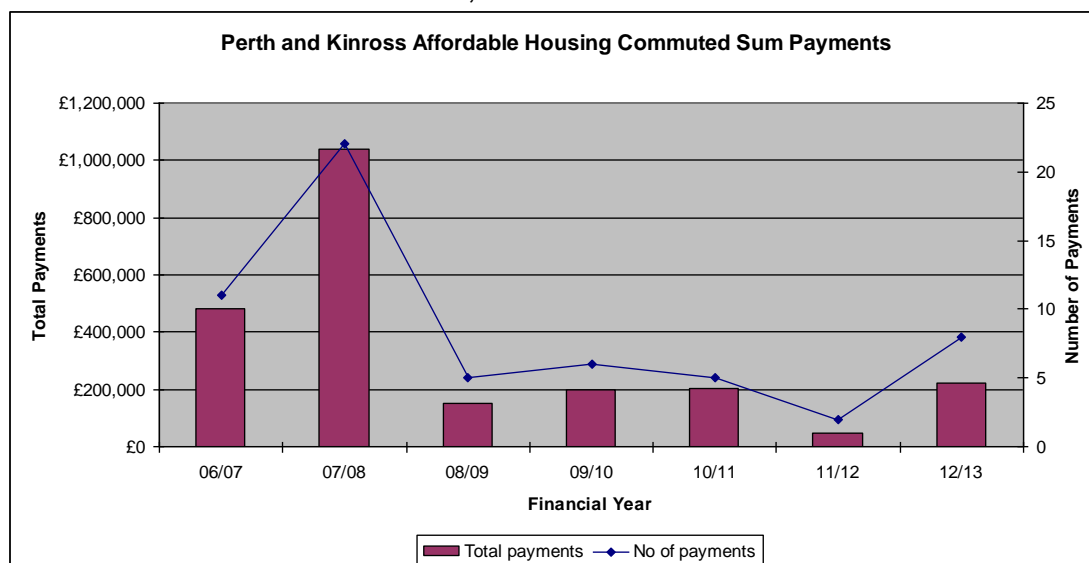
- 5.1. There is currently only one other application in Blair Atholl for the use of commuted sums outstanding from RSLs seeking funding to meet development costs and work alongside the reduced HAG funding. This is detailed in the table below:

<b>Spend amount (£)</b>	<b>Project ref.</b>	<b>HMA</b>	<b>Details of spend</b>
100,000	12/CHA/H/017	Highland	Blair Atholl

- 5.2. If approved the commuted sums in the table above will contribute to the delivery of approximately 10 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.

## 6. Current market situation

- 6.1. In the period 01 April 2012 to 31 March 2013 eight commuted sum payments have been made totalling £221,125, a significant increase in both numbers of sums paid and the total payments from the previous year when 2 payments were received which totalled £45,060.



- 6.2. The number and total of commuted sums payments received in 12/13 brings payments back in line with previous years, but does not reach the levels attained before the current economic downturn. Interestingly the number of commuted sums has risen from 08/09, 09/10 and 10/11, but the total amount received has remained roughly the same. This is a result of the Council agreeing to reduce commuted sums on certain sites based on evidence of development viability, in line with Scottish Government Advice and the Council's own Affordable Housing Supplementary Guidance. This year it was agreed by the Council that the contribution at Honeyberry Crescent, Rattray (ref: 12/01460/AMM) should be reduced from 15 to 1.5 units resulting in a decrease of the commuted sum from £172,000 to £17,250.

## 7. Affordable Housing Credits

- 7.1. The Affordable Housing Supplementary Guide allows consideration of proposals for affordable housing credits i.e. where a developer over provides affordable housing on one site, these 'credits' can be accrued and used to reduce the affordable requirement on another site within the same Housing Market Area.
- 7.2. In 2012/13 two applications were approved to accrue affordable housing credits. AJ Stephen had 12 credits approved from their Provost Mains site in Abernethy (ref 08/01798/FLL) which will be valid once the units have been

built and passed to Kingdom Housing Association. These credits should be used before April 2017 on sites within the Perth Housing Market Area to be agreed by the Council.

- 7.3. Upland Developments also had 8.5 credits agreed on the former Atholl Ice Rink site in Lower Oakfield (09/01280/FLL). These credits should be used before February 2018 in the Highland Housing Market Area.
- 7.4. Credits were used on two sites in 2012/13. It was agreed that four of the credits accrued by Upland Developments on the former Atholl Ice Rink site detailed above could be used at 76 Atholl Road, Pitlochry (ref: 12/00266/FLL), leaving 4.5 credits remaining from the original site to be used.
- 7.5. 5.5 credits from the 23 accrued on the site west of Burnside Farm, Main Road, Woodside, Burrleton were used by AJ Stephens on their Balgarvie Farm, Scone development (08/01812/FUL). A number of the credits accrued from this site had already been used on the Balgarvie Farm, Balgarvie Mill and Oakbank Road, Guildtown developments. This now leaves 8 credits remaining which need to be used in the Perth Housing Market Area before March 2014.
- 7.6. There are a number of other credits were previously agreed that still require agreement from the Council for their use. All of the credits agreed to date and those remaining at the end of 2012 / 13 are detailed in the table below:

	<b>Developer</b>	<b>Site</b>	<b>Planning App ref.</b>	<b>Credits Agreed</b>	<b>Credits Remaining</b>
Highland	Upland Developments Ltd	Former Atholl Ice Rink, Lower Oakfield, Pitlochry	09/01280/FLL	8.5	4.5
Perth	AJ Stephen Ltd/PHA	Site west of Burnside Farm, Woodside, Burrleton	09/00296/FUL	23	8
Perth	AJ Stephen Ltd	Abbey Hill, Scone	08/00864/FUL	5	0
Perth	AJ Stephen Ltd	Provost Mains, Abernethy	08/01798/FLL	12	12
Perth City	GS Brown	Land West of Mathieson Drive, Perth	10/00128/FLL	27	27
Strathearn	Stewart Milne Homes	Land to rear of 11 High Street, Auchterarder	06/02056/FUL	27	27

Note – the credits detailed here have been agreed, but in order for the credits to be available for use, the developer is required to submit evidence that the affordable houses (to which the credits apply) have been built and transferred to a Registered Social Landlord, or the land has been sold to a Registered Social Landlord. This may not yet have happened in all cases.

## 8. Conclusion And Recommendation

- 8.1. During the year 2012 / 13 a total of 22 affordable houses were delivered using commuted sums and a further 60 are committed and represent development that could be delivered in the next couple of years. A total of 9.5 affordable housing credits were also used this year, which means the Council's use of credits secured that number of houses earlier than would have been possible otherwise.
- 8.2. The report has provided an overview of the use of commuted sums and credits and the appendix provides the full details of all the relevant planning applications.
- 8.3. The delivery of affordable housing is a key priority for the Council. It is recommended that the Affordable Housing Member / Officer Working Group note the commuted sums and affordable housing credits received / accrued and spent / committed in 2012 / 13 on projects which will deliver affordable housing.

### Author(s)

Name	Designation	Contact Details
Kate Cowey	Affordable Housing Enabler	Email: <a href="mailto:Kcowey@pkc.gov.uk">Kcowey@pkc.gov.uk</a> Extn: 76405

### Approved

Name	Designation	Signature
David Littlejohn	Head of Planning and Regeneration	<i>David Littlejohn</i>
Date 10.05.13		

If you or someone you know would like a copy of this document in another language or format, (on occasion only, a summary of the document will be provided in translation), this can be arranged by contacting *Kate Cowey (details above)*



Council Text Phone Number 01738 442573

## **Appendix 1 – Details of Commuted Sum Spend and Commitments**

Below is a detailed breakdown of the invested-commuted sums for projects in the year 2012/13 and the Housing Market Areas they relate to:

<b>Plg applcn ref</b>	<b>Contribution amount</b>	<b>Spend amount</b>	<b>Project ref.</b>	<b>HMA</b>	<b>Details of spend</b>
06/00011/FUL	63419.58	13932	12/HHA/S/014	Strathearn	Maxton Rd, Crieff
06/00714/FUL	37500	37500	12/HHA/S/014	Strathearn	Maxton Rd, Crieff
07/00008/FUL	31250	31250	12/HHA/S/014	Strathearn	Maxton Rd, Crieff
06/02691/FUL	31250	31250	12/HHA/S/014	Strathearn	Maxton Rd, Crieff
07/02599/REM	31250	31250	12/HHA/S/014	Strathearn	Maxton Rd, Crieff
12/00285/FLM	90250	52818	12/HHA/S/014	Strathearn	Maxton Rd, Crieff
06/02774/FUL	112500	4830	12/CHA/H/013	Highland	Lower Oakfield, Pitlochry
07/01299-1301/F	50000	50000	12/CHA/H/013	Highland	Lower Oakfield, Pitlochry
08/01518/MOD	17250	17250	12/CHA/H/013	Highland	Lower Oakfield, Pitlochry
07/02013/FLL	34,500	34500	12/CHA/H/013	Highland	Lower Oakfield, Pitlochry
08/01320/FUL	166000	14420	12/CHA/H/013	Highland	Lower Oakfield, Pitlochry

Below is a detailed breakdown of the committed-commuted sums for projects in the year 2012/13 and the Housing Market Areas they relate to:

<b>Plg applcn ref</b>	<b>Contribution amount</b>	<b>Spend amount</b>	<b>Project ref.</b>	<b>HMA</b>	<b>Details of spend</b>
06/01223/FUL	43750	20513	Hillcrest	Strathearn	Kirkton, Auchterarder
06/01253/FUL	31250	31250	Hillcrest	Strathearn	Kirkton, Auchterarder
06/02324/FUL	93750	93750	Hillcrest	Strathearn	Kirkton, Auchterarder
06/00011/FUL	63419.58	49487	Hillcrest	Strathearn	Kirkton, Auchterarder
08/01320/FUL	166000	50000	12/CHA/H/016	Highland	Birnam
07/00612/FUL	137500	66463	12/CHA/P/018	Perth	Muirton
06/00816/FUL	62500	62500	12/CHA/P/018	Perth	Muirton
06/01270/FUL	31250	31250	12/CHA/P/018	Perth	Muirton
07/02720/FUL	10000	10000	12/CHA/P/018	Perth	Muirton
05/02080/FUL	25000	25000	12/CHA/P/018	Perth	Muirton
06/02736/FLL	125875	54787	12/CHA/P/018	Perth	Muirton
06/02736/FLL	125875	71088	12/HHA/P/020	Perth	Jeanfield Rd
07/01999/FLL	15458.33	15458	12/HHA/P/020	Perth	Jeanfield Rd
12/00589/FLL	6625	6625	12/HHA/P/020	Perth	Jeanfield Rd
12/00768/FLL	33125	6829	12/HHA/P/020	Perth	Jeanfield Rd
06/01332/FUL	81250	50761	12/HHA/K/019	Kinross	Bridgefauld Road, Milnathort
06/01875/FUL	25000	25000	12/HHA/K/019	Kinross	Bridgefauld Road, Milnathort
07/00318/FUL	37500	24239	12/HHA/K/019	Kinross	Bridgefauld Road, Milnathort

### **Notes**

HHA – Hillcrest Housing Association

CHA – Caledonia Housing Association

