

PERTH AND KINROSS COUNCIL

Affordable Housing Member / Officer Working Group

26th May 2016

Affordable Housing Commuted Sums Annual Monitoring Report 2015/16

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PURPOSE OF REPORT

This report details the affordable housing commuted sums received, spent and committed to projects for the year 2015/2016 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 been 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 has been updated annually from 2009 - 2016. Copies of all reports have previously been published on the Council website. This Annual Report updates the position to 31 March 2016 and will also be published on the Council's website.

2. Commuted Sums received by HMA 2006-2016

- 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 2016.

HMA	Total contributions received	Total contributions spent / committed	Administration costs broken down by HMA	Outstanding balance
Strathmore & The Glens	700,789	205,703	55,702	495,086
Highland	608,250	403,123	55,702	205,127
Kinross	437,500	187,955	55,702	249,545
Strathearn	496,420	299,185	55,702	197,235
Perth	1,100,791	913,048	55,702	187,743

Administration

278,512

TOTALS	3,343,750	2,009,014	1,334,736
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Notes- Administration is approximately 8.3 % of the total contributions received and includes fees associated with valuation of commuted sums and the Affordable Housing Enabler post (Financial years 2009/10- 2015/16).

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 2015 to 31 March 2016.

Spend amount (£)	Project ref.	RSL.	HMA	Details of spend
£250,000	12/CHA/P/018	Fairfield	Perth	Muirton Ph5
£132,500	15/CHA/FP	CHA	Perth	Friarton Prison
£50,000	15/CHA/CR	CHA	Perth	145 Crieff Rd

3.2. As part of the wider Muirton Regeneration Area Fairfield Housing Co-op delivered 25 social rented houses. The commuted sums funding was 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.

3.3. The funding at the former Friarton Prison site, Perth enabled the delivery of 14 social rented units, 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 previous reduction in funding from the Scottish Government.

3.4. At 145 Crieff Rd, Perth funding has enabled 6 social rented units to be progressed. The commuted sums, along with RSL private finance will make up the shortfall in funding following a reduction in funding from the Scottish Government and high construction costs related to the difficult conditions on the site.

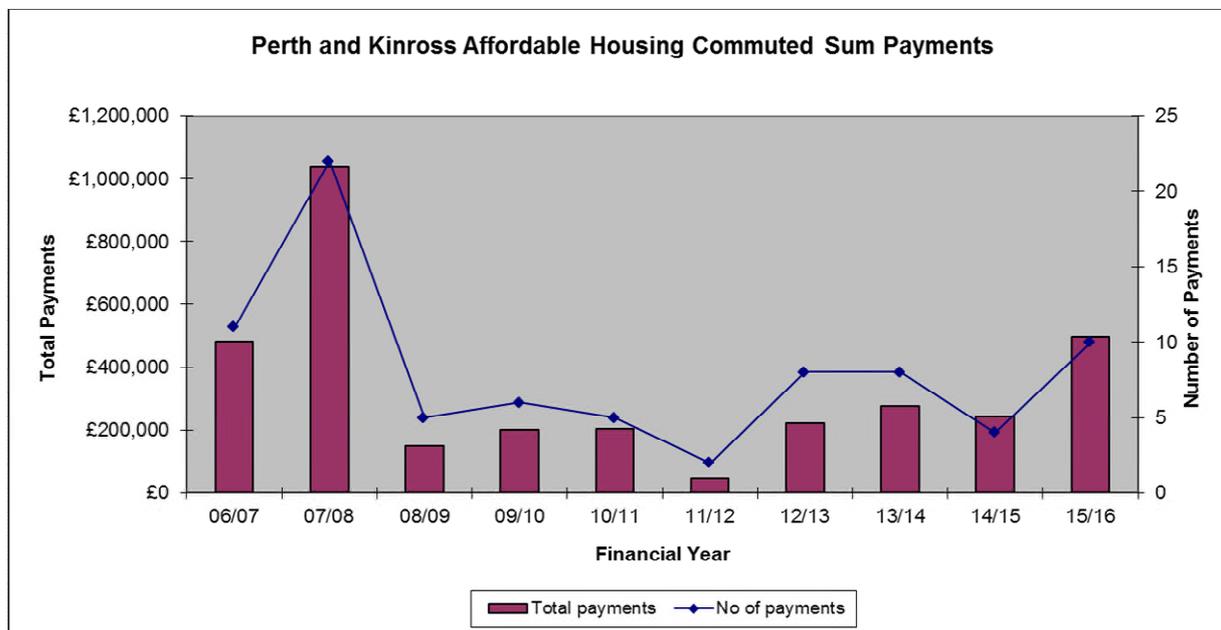
3.5. All of the above applications were subject to the approval process agreed by the Enterprise and Infrastructure committee on the 17 January 2007. The majority of the applications were for under £200,000 and have therefore been approved under delegated powers to the Executive Director (Environment). 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 20 November 2013.

4. Commuted sums commitments

4.1. There were no advance commitments made to funding specific projects in the 2015/16 financial year to the commuted sums fund. A number of projects are however currently being considered.

5. Current market situation

- 5.1. In the period 01 April 2015 to 31 March 2016 ten commuted sum payments have been made totalling £495,788, this represents a 100% increase in both the sums paid and number of payments compared to 2014/15.



- 5.2. The total of commuted sums payments received in 2015/16 is reflective of the increase level of construction activity and significant rise in housing completions as reported in the 2015/16 Housing Land Audit. As can be seen from the above graph the level of sums and payments is now comparable to that attained before the economic downturn.

6. Affordable Housing Credits

- 6.1. 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.
- 6.2. In 2015/16 there were 2 new applications to accrue affordable housing credits.
- 6.3. It was agreed that Perthshire Glazing would accrue 4 credits for the sale of their site at Canal Street, Perth (ref: 14/01941/FLL) to Fairfield Housing Co-op. The accrual of a further 38 credits was agreed with Robertson Homes for the provision of 38 units at Abercairney Place, Blackford (ref: 15/01814/FLL)
- 6.4. No new credits were used by developers in 2015/16. There are a number of other credits previously agreed that still require approval from the Council for

their use. All of the credits agreed to date and those remaining at the end of 2015/16 are detailed in the table below:

HMA	Developer	Site	Planning App ref.	Credits Agreed	Credits Remaining
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	0
Perth	AJ Stephen Ltd	Abbey Hill, Scone	08/00864/FUL	5	0
Perth	AJ Stephen Ltd	Provost Mains, Abernethy	08/01798/FLL	12	11.75
Perth	AJ Stephen Ltd	Crieff Rd, Perth	14/00559/FLL	4.5	4.5
Perth	GS Brown	Land West of Mathieson Drive, Perth	10/00128/FLL	27	27
Perth	Perthshire Glazing	Canal St, Perth	14/01941/FLL	4	4
Strathearn	Stewart Milne Homes	Land to rear of 11 High Street, Auchterarder	06/02056/FUL	27	27
Strathearn	GS Brown	Burrell St, Crieff	13/00764/FUL	4	4
Strathearn	Robertson Homes	Abercairney Place, Blackford	15/01814/FLL	38	38

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.

7. Conclusion And Recommendation

- 7.1. During the year 2015 /16 a total of 45 affordable houses were facilitated using commuted sums. There were no affordable housing credits used this year but 42 units were accrued which means the Council's use of credits secured that number of houses earlier than would have been possible otherwise.
- 7.2. 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.

- 7.3. 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 in 2015 /16 on projects which will deliver affordable housing.

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Approved

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Date 18.05.16		

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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 2015/16 and the Housing Market Areas they relate to:

Plg applcn ref	Contribution	Spend amount	Project ref.	HMA	Details of spend
07/00612/FUL	£137,500	£66,463	FHC	Perth	Muirton
06/00816/FUL	£62,500	£62,500	FHC	Perth	Muirton
06/01270/FUL	£31,250	£31,250	FHC	Perth	Muirton
07/02720/FUL	£10,000	£10,000	FHC	Perth	Muirton
05/02080/FUL	£25,000	£25,000	FHC	Perth	Muirton
06/02736/FLL	£125,875	£54,787	FHC	Perth	Muirton
07/01999/FLL	£30,917	£28,123	CHA	Perth	Friarton Prison
11/00277/FLL	£3,789	£3,789	CHA	Perth	Friarton Prison
11/00277/FLL	£3,789	£3,789	CHA	Perth	Friarton Prison
11/00277/FLL	£3,789	£3,789	CHA	Perth	Friarton Prison
11/00277/FLL	£7,010	£7,010	CHA	Perth	Friarton Prison
11/00968/FLL	£13,250	£13,250	CHA	Perth	Friarton Prison
13/00781/FLL	£13,250	£13,250	CHA	Perth	Friarton Prison
06/00726/FLL	£6,625	£6,625	CHA	Perth	Friarton Prison
06/00726/FLL	£6,625	£6,625	CHA	Perth	Friarton Prison
06/00726/FLL	£46,375	£46,250	CHA	Perth	Friarton Prison
14/01478/FLL	£46,375	£125	CHA	Perth	145 Crieff Rd
13/00638/FLM	£132,500	£49,875	CHA	Perth	145 Crieff Rd

