



**Affordable Housing Development Plan  
2022-2026**

DRAFT

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## **Introduction**

There is currently a shortage of affordable homes in Melton. To help address this need, the Council is undertaking a housing development programme to increase the supply of homes. The Affordable Housing Development Plan (AHDP) sets out the criteria for the way new council homes will be delivered.

The AHDP is designed to make a valuable contribution to the Council's Corporate Strategy 2020-24. This is built around six key themes which each have an impact and influence on delivering the vision and content of the Affordable Housing Development Plan:

### ***Excellent services positively impacting on our communities***

Building new homes will provide a positive impact on the community by helping to address the current shortage of affordable homes.

### ***Providing high quality council homes and landlord services***

New council homes will be built to high standards. Quality homes will provide healthy, safe and comfortable environments that are easy to heat and maintain.

### ***Delivering sustainable and inclusive growth in Melton***

Creating housing developments where people will want to live now and into the future will help to create sustainable communities.

### ***Protect our climate and enhance our natural environment***

Building new homes with energy saving measures will reduce carbon emissions and help to tackle climate change.

### ***Ensuring the right conditions to support delivery (inward)***

The Council will have a 'joined-up' approach for delivering new homes, working with other departments to ensure developments are of the appropriate design and meet housing needs.

### ***Connected and led by our community (outward)***

The Council will work closely with residents to ensure new developments are delivered according to aspirations and built to the requirements of a diverse community.

## **Housing Need**

According to the Authority Monitoring Report (AMR) 2020-21, Melton has a population of 51,400 (an increase of 200 from 2019). The total number of households is 24,490, with most homes privately owned. There are only 5,456 rented homes which means providing accommodation for those that cannot afford to buy is a key challenge.

A large proportion of homes in Melton Mowbray are big, detached houses. The limited supply of smaller homes currently available makes it difficult for older people who want to downsize, those on low incomes, and younger people who want to find their first home.

According to the Housing Needs Study (2016), a net deficit of 95 affordable homes per annum is identified for the period 2011-2036. This predicts a shortage of 2,375 affordable homes over 25 years.

The Council has a stock of 1,782 homes (May 2022). However, this is being diminished due to Right to Buy with the loss of 137 homes since 2006. At the same time, there is a shortage of homes to rent with 781 applications (May 2022) on the Council's housing register.

The Council intends to help address the shortage of affordable homes by developing additional ones to add to its stock.

## **Objectives**

The Council will develop new homes:

1. To increase the number of affordable homes to meet housing need;
2. To offset the reduction in stock numbers due to Right to Buy;
3. To achieve high standards of design, construction and procurement;
4. To improve the housing circumstances of vulnerable households;
5. To reduce fuel poverty and promote energy efficiency;
6. To take a planned approach to development opportunities that provides value for money whilst maximising supply;
7. To build homes that will contribute to successful communities and growth in the local economy;
8. To make the best use of MBC's land and property assets by redeveloping existing sites wherever possible;
9. To seek new opportunities for the acquisition of land or homes;
10. To be alert to opportunities for collaborative working with other registered providers, private developers and landowners.

## **Standards of Housing**

### **• Energy Efficiency**

The Council is committed to the provision of sustainable homes and the use of modern methods of construction to minimise environmental impact both within the building process and for the finished properties. The Council declared a climate emergency in July 2019. New homes will incorporate energy saving measures to reduce carbon emissions and help to tackle climate change.

The Council will prioritise design solutions which incorporate new energy efficient technology to minimise heat loss. New properties will be built to exceptionally high insulation standards. We will also explore passive energy efficiency technologies and the use of solar panels plus air source heat pumps.

We will assess the viability for provision of renewable energy on all developments. The appropriate technologies will be determined by the requirements, limitations and opportunities of each site.

We aim to provide housing that is efficient for us to build and efficient to run for the occupants. The Council recognises fuel poverty and how rising energy prices affect the affordability of running a household. New homes will be built to the highest energy efficiency standards in order to help mitigate likely rises in energy prices.

### **• Design**

New developments will need to meet high standards of design. We expect to deliver homes and environments that people want to live in. Homes that are durable, accessible, easy to maintain and which will make a positive contribution to the borough now and into the future.

Homes will be built to National Space Standards and Lifetime Home Standards where required. These properties will be designed with the ability to adapt their layout to meet the future needs of households and to manage their living and mobility needs.

### **• Health and Safety**

Tenant safety will be a priority. New homes will be designed to take account of fire safety, security and crime reduction. Our design standards will be regularly reviewed and updated to ensure compliance with the latest building regulations.

### **• Special Needs**

Of the 781 applicants currently on the housing register, 14 require homes with wheelchair access. The Council will provide homes with wheelchair access in new developments wherever possible to ensure that individual needs are met.

The Council will also seek to develop housing schemes designed for older people where appropriate. We will engage with our health and social care partners in relation to emerging needs for supported housing in the borough.

## **Standards of Business**

### **• Asset Management**

New housing stock will be designed to adhere to the Asset Management Plan. The future maintenance of new homes will be considered early in the design stage. We

will work with our asset management team to ensure that homes are of an appropriate design and contain equipment that can be easily maintained.

#### • **Community Engagement**

As part of any development proposals, we will consult with residents and stakeholders to ensure that new homes support housing need. Information from tenants about the type of homes required and demand for locations will be used to inform delivery. The Council will consult with residents at an early stage in any proposal where they may be affected.

Once new homes are complete, we will obtain feedback from tenants. This will help the Council to consider any improvements that might be required for future projects.

#### • **Procurement**

The Council will ensure that the procurement of all development services takes place in accordance with its contracts and financial procedure rules.

Given the value of the construction element for each development, the building contracts will usually be made by way of formal competitive tender or through a framework agreement. However, there will be exceptions to this specifically regarding land and build projects and off-the-shelf purchase agreements with house builders.

#### **Funding**

The development programme will be mainly funded from HRA surpluses or borrowing. This will be supplemented by utilising Right to Buy receipts and Homes England grant funding where possible. Commuted sums which developers pay to the Planning department in lieu of providing affordable homes on site, may also be used subject to Section 106 conditions.

#### **Right to Buy (RTB) receipts**

The Council can spend some of the funds it receives from the sale of homes sold under Right to Buy to deliver additional homes. However, only 40% of the cost of new council homes can be funded with RTB receipts and they are subject to spending deadlines. If they are not reinvested within five years, they have to be repaid to HM Treasury with a premium interest cost.

As with other eligible council homes, tenants may exercise their right to buy new council homes under current Government policy. However, the Council will be able to recover its investment in new homes if these are sold. This is due to the cost floor figure which is the amount of money spent on an individual property in the 10 year period prior to the sale, for properties acquired or built after 1 April 2012 this period increases to 15 years. This means that the purchasers full discount would not be applied if that would result in the purchase price being below the cost of purchase/build plus repairs. The government also has a limit to the maximum discount which is currently £87,200. The Council's policy is to charge affordable rents on new homes (80% of market rents). These three factors mean that the full costs of building and borrowing could be covered by any sales even if homes are purchased under Right to Buy.

This is an area of housing policy which has been changed by successive national governments and will be kept under regular review.

### **Business Case**

All housing development projects will be subjected to a business case to ensure that they are financially viable. Expenditure on new council homes is an investment that will bring in additional income via new rents. This addition to revenue can pay for the cost of delivery.

The business case will consider the cost and income of any development scheme over the life of the asset. The income will be in the form of affordable rent. In line with the requirements of the HRA, provision for the repayment of debt will not be set aside. The HRA business plan sets out how the affordability of any new borrowing will be assessed. This will be using the industry standard indicators based on data taken from the individual project business cases that will be tracked and monitored over the life of the business plan. This will ensure that interest payments are affordable.

### **Delivery**

Delivery of new homes will be in any one of the following ways:

1. Building on land already owned by the Council.
2. Converting redundant Council owned buildings.
3. Acquisition of new build homes from private developers through commercial agreements or Section 106 opportunities.
4. Acquisition of older properties including former council homes sold under RTB if viable.
5. Purchasing additional land on which to build new homes.

### **Historical Delivery**

Since 2012, the Council has built 10 new homes on former garage sites and acquired another 12 homes to add to its housing stock. This has ensured that Right to Buy receipts have been spent within deadlines. The aim of the Affordable Housing Development Plan 2022-26 is to substantially increase the delivery of new council homes.

### **Future Delivery**

In its forecast of the financial position of the HRA over 2022-52, the HRA Business Plan has assumed sales of 10 homes per annum due to RTB and replacement with 5 new council homes per annum. Although this is less than the amount sold, 5 units per annum will meet Right to Buy spend targets and will not require any borrowing.

The Affordable Housing Development Plan will aim to deliver 10 new homes per annum to try to make up for any potential shortfall of homes lost due to Right to Buy. However, this may require borrowing of funds. The potential number of new homes that can be delivered will be subject to there being sufficient availability of funds in the HRA and borrowing affordability. If there is capacity, the target can be increased in future years.

## **Initial Housing Development Programme**

### **Building on land owned by the Council.**

It would be sensible to maximise the potential of existing council land assets. These include garage sites. There are currently approximately 400 garages on various sites throughout the borough. Many garages are vacant and in need of repair. Some sites have the potential to be redeveloped to provide new council housing.

Garage sites will be treated as a priority for new housing development. All sites will be assessed for suitability and a business case will be submitted for potential developments.

### **Converting redundant non-residential buildings**

There are some vacant council buildings which have potential for conversion to housing but could also provide community use. Priority will be given for community use if this is required.

### **Acquisition of new build homes**

Once feasibility, planning, procurement and construction are considered, it may take a while for the Council to deliver its own housing developments. At the same time, there are deadlines in which to spend RTB receipts on new housing. In this case, it would be reasonable to acquire some homes which are already built. It would be better to acquire new build homes rather than older ones as they are more energy efficient and will have less maintenance issues.

### **Acquisition of older properties**

Although there is a preference for new build homes, older ones will also be considered in certain circumstances. For example, acquisition of homes adjacent to narrow entrances of garage sites may be made to aid the viability of development schemes.

### **Purchasing additional land**

Opportunities to acquire land both in the centre and in villages will be sought. A business case for any potential sites that are suitable for new council housing will be provided before any acquisition.

### **Allocations**

Once new homes are completed, they will be allocated to tenants according to the Council's allocation policy.

### **Relationship to other Policies**

The AHDP will adhere to the Corporate Plan and will be in line with the Housing Strategy and the HRA Business Plan 2022-52. Local and national Planning policies will also be followed.

### **Monitoring and Review**

The Affordable Housing Development Plan will be regularly monitored and reviewed every year to take account of changing circumstances.