

COUNCIL
24TH APRIL 2019
CABINET RECOMMENDATIONS

Details of a recommendation to Council made at the Cabinet meeting held on 21st March 2019 are set out below:

EX/59 **AFFORDABLE HOUSING INVESTMENT - PROPOSAL TO SET UP
DEVELOPMENT AND MANAGEMENT COMPANIES TO PROVIDE
AFFORDABLE RENTED HOUSING IN HORSHAM DISTRICT**

The Cabinet Member for Community and Wellbeing reported that, in November 2017, Cabinet had approved its approach to investing in affordable housing which included undertaking further work to assess the case for the creation of a vehicle to enable the direct delivery of affordable housing. An officer project team had therefore investigated the various options available to the Council for the delivery of permanent affordable housing resulting in the business case now before Cabinet for consideration.

Cabinet was reminded that the Council had:

- Delivered the highest number of affordable homes in Sussex during the past three years;
- Supported Registered Providers with funding in excess of £9,000,000 to deliver 1,107 affordable homes since 2010; and
- Invested in excess of £5,500,000 in temporary accommodation, which would see the provision of 34 properties to prevent households that were managing the challenges of homelessness from having to be accommodated in bed and breakfast accommodation.

The proposal now before Cabinet would see the Council invest £10,000,000 to deliver its own permanent affordable housing through an Affordable Housing Company model.

This funding would support the delivery of up to 70 units in some of the District's most in demand areas and reduce the number of households on the Council's Housing Register. Alongside providing additional affordable rented homes, this would also build an asset base that could enable the delivery of affordable homes into the future. The proposal would provide another option for the Council to use on sites that lent themselves to affordable housing and further demonstrated the Council's commitment to the continued delivery of affordable housing.

A joint meeting of the Community & Wellbeing and Finance & Assets Policy Development Advisory Groups supported the proposal.

RESOLVED

- (i) That the Business Case be approved and the set-up of the Property Development and Property Holding companies agreed, as proposed in

the Business Case to enable the delivery of affordable rented homes in the Horsham District.

- (ii) That the Director of Community Services, in consultation with the Cabinet Member for Community and Wellbeing, be authorised to draft and agree:
 - a. The Articles of Association of the Companies, the Shareholders' Agreement between the Council and the Companies and any other necessary agreements required between the Council and the Companies.
 - b. The appointment of the initial Company Directors of both companies.
 - c. All further legal documentation necessary for the set-up of both companies.
- (iii) That the Property Development and Property Holding companies may undertake commercial activities to develop affordable housing for rent and to manage the same, subject to approved site specific business cases.
- (iv) That it be noted that decisions will need to be made on the following issues by Council later in 2019:
 - a. The approval to dispose of Council owned land to the Development Company
 - b. Allocation of S106 funds to the Property Holding Company to acquire the completed affordable housing units

RECOMMENDED TO COUNCIL

- (v) **That approval be given for £500,000 equity funding to be provided to the Property Development Company.**

REASONS

- (i) To increase the delivery of affordable housing.
- (ii) To make the best use of Section 106 Commuted Sums.
- (iii) To provide a financial return to the Council for reinvestment in the District.