

EXETER CITY COUNCIL

**EXECUTIVE
21 JANUARY 2014**

**DELEGATED AUTHORITY FOR USE OF CONSULTANTS FOR THE PROVISION
OF AFFORDABLE HOUSING**

1.0 PURPOSE OF REPORT

- 1.1 To seek approval for the delegation of authority to the Assistant Director Housing to employ consultants, as required, to assist the Housing Development Team in the provision of affordable housing in the City where external expertise is required.

2.0 BACKGROUND

- 2.1 As a result of the amendments to the Affordable Housing SPD agreed at Executive on 17 September 2013, the interim affordable housing policy of 25% of affordable housing on sites of 15 or more units has been revoked. This has been replaced with the target of 35% affordable housing as set out in the Core Strategy adopted in 2012 on sites over 3 or more units, which was introduced at the end of last year. The 35% target is subject to considerations of viability.
- 2.2 The Housing Development Team have seen an increase in the number of smaller sites seeking pre-application advice. It is expected that in some cases there will be genuine viability arguments. Whilst the Housing Development Team has their own viability software to carry out assessments and frequently do so, these are usually on smaller, less complicated development sites. The Council can choose, in cases that are more complex, to employ an independent third party to undertake viability assessment provided the developer bears the cost of this.
- 2.3 It is important that there are a sufficient number of consultants in place to call upon, when required, to undertake viability assessments on behalf of the Council that are not already connected with the development site. It is expected that approximately 5 to 6 consultants would be required in order to provide a pool of consultants and to avoid any potential conflict of interest with the developer.
- 2.4 In addition, the Housing Development team seek to explore innovative ways of providing new affordable housing. This could be through different funding sources, for example, ensuring it meets the affordable housing definition outlined in the National Planning Policy Framework (NPPF). Technical expertise through the use of consultants may be required to undertake complex financial modelling to ensure viability. This is becoming increasingly necessary at a time when funding for new affordable housing through the Homes & Communities Agency (HCA) has been reduced considerably. By undertaking this work, it enables the Housing Development Team to continually evaluate and appraise innovative ways of providing new affordable housing.

FINANCIAL IMPLICATIONS

- 3.1 The use of consultants is to assist the Housing Development Team in the delivery of new affordable housing, ensuring that the delivery of affordable housing is maximised whilst still remaining viable and to help meet the housing need of local people.
- 3.2 Viability appraisals on S106 sites can be undertaken in house where the developer provides the required information. It is also established procedure that the Council may choose to use a professional third party consultant and the developer will be required to cover the cost of this. There should, therefore, be no additional financial impact on the Council for the use of consultants for viability appraisals.
- 3.3 The use of consultants may also be required on an ad hoc basis to undertake detailed financial modelling which cannot be undertaken in house in order to consider new innovative ways of delivering new affordable housing. The cost of this work would be covered by commuted sums negotiated from S106 sites and there would be no additional financial impact on the Council. The use of consultants would be considered on a case by case basis and in a timely manner by the Assistant Director Housing.

4.0 RECOMMENDED

- 4.1 That the Assistant Director Housing be given delegated authority to approve the use of consultants to assist the Housing Development Team in undertaking viability appraisals and the appraisal of new forms of affordable housing delivery, and any necessary amendments be made to the Constitution.

Originating Officer: Caroline Massey

**ROGER COOMBES
ASSISTANT DIRECTOR HOUSING**

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None