

Name of meeting: Cabinet
Date: 19th September 2017
Title of report: Ashbrow Housing Site - contract and land disposal

Purpose of report

This report will seek authority for the Council to enter in to a contract with a development partner for the Ashbrow Housing site, and dispose of the land to that partner.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes If yes give the reason why The spending on this site will be in excess of £250,000 The land has a value in excess of £250,000
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports?)	Yes If yes also give date it was registered 25 th April 2017
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by Strategic Director & name Is it also signed off by the Service Director for Finance, IT and Transactional Services? Is it also signed off by the Service Director Legal Governance and Commissioning?	Naz Parkar - 07.09.17 Debbie Hogg - 07.09.17 Julie Muscroft - 07.09.17
Cabinet member portfolio	Cllr Naheed Mather, Economy (Strategic Housing, Regeneration and Enforcement) Cllr Graham Turner, Corporate (Place, Environment and Customer Contact Services)

Electoral wards affected: Ashbrow Ward

Ward councillors consulted: Cllr Calvert, Cllr A. Pinnock, and Cllr Homewood

Public or private: Public report and public Appendix 1 with private Appendices 2, 3 and 4

1. Summary

- 1.1 The Ashbrow site is a key site for housing delivery as part of the Council's programme of work to address the growing housing crisis in Kirklees.

In February 2017, Cabinet gave approval for officers to progress the Ashbrow Housing Scheme; to appoint the preferred development partner and delegated powers were given to enter in to all legal documents.

- 1.2 Prior to finalising and entering into any legal contract it was agreed that a further report would be brought back to Cabinet for consideration.
- 1.3 This report confirms that the Council will be entering in to a legal contract with the development partner and seeks authority to dispose of the land to that partner. Members will be asked to consider and approve the proposals and to provide officers with delegated powers.

Specifically, the following approvals are sought:

- Approval for the disposal of land at less than best consideration and delegate powers to officers to complete this disposal
- Approval for use of the capital receipt from the disposal of the land to subsidise the provision of additional affordable homes

2. Information required to take a decision

Background

- 2.1 In November 2014, a motion submitted to Council, noted that "this Council recognises that there is a growing housing crisis in Kirklees. There is a lack of good quality, energy efficient and affordable homes across all tenures to meet the varied needs of local people. Secure, warm and affordable homes are the greatest determinant of the health and wellbeing of our communities, which is rightly a clear and stated priority of this Council".
- 2.2 In November 2015, a report was brought to Cabinet detailing the progress being made on housing delivery projects across the district. This included the Ashbrow site as a key site for housing delivery.
- 2.3 In February 2017, Cabinet approved the appointment of a preferred bidder for the Ashbrow scheme and delegated authority for the Assistant Director (Legal, Governance and Monitoring) to enter in to all relevant contracts, deeds and documents.
- 2.4 The council-owned site is adjacent to Ashbrow Road, approximately 3 miles from Huddersfield Town centre. This greenfield site was previously used by the former Huddersfield Technical College, for the provision of agricultural and horticultural courses. The site is 4.5 hectares, the majority of the site is allocated for housing in the UDP. A plan of the site is attached at appendix 1. In May 2015 outline planning permission was granted for residential development of the site.

Vision for the site

- 2.5 The overall vision for the site was developed through discussions with elected members, senior managers and discussions between the various services involved. As a result of this work, the initial vision for development of the Ashbrow site was stated in the tender documents; "to create a desirable and sustainable high quality mixed tenure housing development of about 180 new homes to meet local housing needs, and which will include open market homes for sale and Affordable Homes. The Affordable Homes on the site will include a Council Extra Care scheme".

- 2.6 This overall vision reflects the Council's Housing Strategy, and will contribute to delivering two of the Strategy's three priorities - a range of products to support housing growth and a longer term supply of affordable housing, and meeting the housing needs of the most vulnerable groups.
- 2.7 To realise the vision for the site, a delivery partner was required to design and construct the open market homes, the Council Extra Care scheme and additional Affordable Homes for rent. A detailed evaluation of the bidder's proposals commenced in early September 2016 and was completed in January 2017. The recommendations brought to Cabinet, in February 2017, were approved and discussions with the preferred bidder have commenced.
- 2.8 The preferred bidder's proposal is for a scheme of 159 new homes. Details of their proposal are set out in the private appendix. The scheme comprises of an extra care scheme, market and affordable homes. The houses are a mix of two and three bedrooms, are generously sized, and have been designed to adapt to meet people's needs throughout their lives. There are also one and two bed affordable flats on the site.

Overall, the proposed development will provide a high quality environment with a range of housing types for different people. The proposal will provide a high quality layout, focusing on an area of public open space which is at the heart of the development.

3. Implications for the Council

3.1 Early Intervention and Prevention (EIP)

- 3.1.1 The proposals for the Ashbrow Housing scheme include the construction of a 50 unit Extra Care scheme for the Council. This facility will enable older people to live independently for longer, in their own home and help to maintain a good quality of life.

As well as enabling older people to remain in their own home, within a supported environment, this provision is a real and more appropriate alternative to residential care. For many vulnerable older people, choosing to live in specifically designed housing, rather than residential care, is an important element of retaining independence and dignity in older age.

- 3.1.2 Extra Care housing schemes can also help to reduce social isolation, which is known to contribute to an increase in depression amongst many elders. Extra Care schemes are designed to be a community 'hub', which will help residents to feel part of the wider community.

Extra Care may also help to prevent people going into hospital or being kept in hospital, due to the presence of an on-site Care team. The emphasis of Extra Care schemes is one of prevention rather than cure.

- 3.1.3 The inclusion of an Extra Care scheme on the Ashbrow site responds to the Council's Housing Strategy identified need for housing a growing population of older people and the need for specialist accommodation, including housing with support, to respond to this.

The proposals for the site also give priority to affordable homes, which the Housing Strategy identifies as an area for particular focus due to local economic factors, barriers to housing and lower national priority being given to homes which are within the affordable sector. Furthermore, development of the site will also support the role good housing plays in supporting residents to achieve a good quality of life and in supporting Kirklees's ambitions for growth.

3.2 Economic Resilience (ER)

- 3.2.1 The proposed scheme will provide good quality, and much needed, housing for the district. In addition to open market homes, the scheme will create new affordable homes for the district and also a new Extra Care Scheme, which will be owned by the Council.
- 3.2.2 The development of the land will have positive benefits for the local economy – there will be additional investment for the local supply chain and opportunities for the creation of new jobs and apprenticeships for local residents.

Officers are working in partnership with the preferred development partner; making sure that the opportunities explained above are maximised for the district. This includes exploring ways to promote opportunities for the local supply chain and seeking appropriate ways to engage with local residents to increase employment and training and skills opportunities.

Details of the specific proposals put forward by the preferred bidder are included in the private appendix 4.

3.3 Other (eg Legal/Financial or Human Resources)

a) Legal

- 3.3.1 Following Cabinet approval to proceed in February 2017, and the expiry of the required ten day “standstill” period, the Council subsequently entered into legal discussions with the preferred bidder. The discussions focus on the detail of the contractual documentation, which is in accordance with the agreed Heads of Terms which was issued with the Invitation to Tender documentation.
- 3.3.2 The Council’s appointed Solicitors, Bevan Brittan, have produced a development agreement between the Council and the preferred bidder.
- 3.3.3 As set out above, the Development Agreement will incorporate the principles agreed in the Heads of Terms, which are in the private appendix 2.

The key points set out in the Heads of Terms document are summarised below;

Conditionality

- The responsibility to pay commuted sums and comply with a section 106 agreement will be the responsibility of the Developer
- The Developer will be responsible for appointing a Registered Provider (RP), who will own, and take the Affordable Homes which are not part of the Extra Care Scheme
- The transfer to the Developer will include covenants regarding the tenure of the Affordable Homes, and confirm that these will be for rent, and will also include eligibility criteria
- The Council will receive 100% nomination rights for the Affordable Homes transferred to the RP. The arrangement will be 100% Council nominations at first let and then 50% Council and 50% RP for subsequent lets. The Council has a standard Nominations Agreement, which the RP will be required to enter into

Phasing

- The site will be transferred to the Development Partner in three phases, and will be transferred once agreed milestones have been achieved
- The first phase will include the Extra Care Scheme, and will also include some Affordable Homes

Developer Construction obligations

- The Council will pay an agreed sum for the Extra Care Scheme. The Council will not pay any shortfall between the price agreed as part of the tender process and the actual constructions costs for the Extra Care Scheme
- A payment matrix will be agreed with the Council and the Developer, and will form the basis upon which payments by the Council, up to the agreed sum, will be made
- The Developer shall complete the development within 3 years of start on site

Timing - planning

- The Developer is to submit draft detailed planning application for approval by the Council.
- A detailed planning application must be submitted within 1 week of deemed approval from the Council
- The Developer will not have the right to appeal a planning decision made by the Local Planning Authority
- The Developer will, within 8 weeks of satisfactory consent, commence construction and complete the project in accordance with the approved planning consent within 36 months after start on site

b) Finance

- 3.3.4 The Housing Revenue Account (HRA) Strategic Capital Plan 2016/17 - 2020/21 outlined a number of strategic priorities including new build scheme proposals which would be subject to more detailed reports to be considered by Cabinet. The Ashbrow Extra Care scheme is identified in the HRA Strategic Capital Plan approved by Cabinet on 2nd February 2016 and Council on 17th February 2016.
- 3.3.5 An opportunity has arisen to apply for funding for the Extra Care scheme from the Homes and Communities agency for funding from their Affordable Housing Programme. The application process is currently ongoing. If approved, funding from the HCA would reduce the requirement for funding from the Housing Revenue Account capital plan.
- 3.3.6 The Council will provide the funding for the construction of the Council Extra Care scheme. Details of the cost of the Extra Care scheme are given in the private appendix 4.
- 3.3.7 The site investigations undertaken during the procurement process totalled £25,239 and were temporarily funded by the Council. The cost will be recovered from the Development Partner.
- 3.3.8 The Council has accessed Local Growth Funding, to implement highways improvements work to the site in advance of a preferred bidder being appointed. The use of this funding was approved by Cabinet on 20th October 2015. The costs of the highway works will be apportioned between the Council and the Development Partner in proportion to the amount of Council (Extra Care) housing and market housing within the scheme.
- 3.3.9 The Extra Care scheme will include a contract for on site care which will be procured by Commissioning and Health Partnerships. The scheme is expected to reduce care costs for the Council. When compared to the average cost of a place within a residential home, the delivery of the Extra Care scheme could potentially generate savings, for the Council, of around £226,800 per year. This is an approximate figure. The actual savings would be very much dependant on individual client need and circumstance.
- 3.3.10 As a result of development, the Council might receive New Homes Bonus, in which the government currently matches the council tax earned by local authorities from each new home built over a six-year period. However, in December 2016 the Department for Communities and Local Government (DCLG) indicated that it will revisit the case for withholding the bonus from areas "not delivering on housing growth from 2018/19." DCLG confirmed that from next year it

will introduce a national baseline for housing growth of 0.4%. Below this, the New Homes Bonus will not be paid. DCLG also confirmed that there will be a reduction in the number of years in which payments are made: from six years to five years in 2017/18, and for four years from 2018/19.

c. *Disposal of the land*

3.3.11 The tender process for the Ashbrow Housing site included consideration of what capital receipt was being offered for the site by bidders. The capital receipt offered for the site excludes the area on which the Extra Care is located as this land will be retained by the Council.

3.3.12 In order to prioritise the delivery of affordable housing, the tender process for the Ashbrow site included provision that the capital receipt for the site would be used to subsidise the purchase of additional affordable homes for rent, rather than a cash receipt being received. In essence, the land value is being utilised as a subsidy to provide additional affordable housing.

The development agreement will ensure that the land receipt is secured and used to deliver these additional units.

3.3.13 Details of the capital receipt and additional affordable homes offered by the preferred bidder are included in the private appendix 4. The legal and financial implications of this are also considered in the private appendix 4.

4. Consultees and their opinions

4.1 Cllr Naheed Mather and Cllr Graham Turner were briefed on 29th August 2017 and 4th September 2017 respectively and their comments are given in section 7 of this report.

4.2 Ward Councillors have been periodically consulted and informed in relation to the progress of the scheme. Ward Councillors have met with the preferred developer who has informed them of progress and detailed plans for the scheme, and also to engage in discussion regarding the community consultation.

5. Next steps

Subject to Cabinet approval of the recommendations in 6.0 below, the next steps would be:

5.1 To enter into a contractual agreement, with the preferred bidder

5.2 To dispose of the land at Ashbrow Road, to the preferred bidder; as shown at appendix 1. The disposal will exclude the area of land where the Extra Care Facility will be positioned. This land is edged blue on the plan.

6. Officer recommendations and reasons

6.1 Cabinet give their approval to dispose of the land at less than best consideration to the preferred bidder, as set out in this report

6.2 Cabinet give their approval for use of the capital receipt from the disposal of the land to subsidise the provision of additional affordable homes

6.3 Cabinet note the opportunity for Homes and Communities Agency funding set out in 3.3.5 and give their approval for officers to pursue this funding opportunity.

6.4 Cabinet note and reconfirm their previous approval on 7th February 2017, delegating authority to the Assistant Director – Legal Governance and Monitoring (now the Service Director – Legal Governance and Commissioning), to finalise and enter in to all appropriate contracts, deeds, and

documents in relation to the appointment of a preferred bidder in consultation with the Assistant Directors (Place) (now Service Director Economy, Regeneration and Culture and the Service Director, Commercial, Regulatory and Operational Services). For clarity this delegation to include all matters relating to the disposal of the land and all other legal documentation as is required to complete this matter in accordance with the arrangements described in this and the previous report in February and the tender documents.

- 6.5 The reason for these recommendations is that, as set out in the report, the Ashbrow site will contribute to the delivery of the Council's housing strategy, specifically in relation to providing a range of products to support housing growth and a long term supply of affordable housing, and meeting the housing needs of the most vulnerable groups.

7. Cabinet portfolio holder's recommendations

- 7.1 Cllr Graham Turner was briefed the week commencing 4th September 2017 and supports the recommendations set out in section 6. Cllr Turner said "I fully support the use of this Council site for the development of Council, market and affordable homes. It will help meet housing need in this area of the district."
- 7.2 Cllr Mather was briefed the week commencing 28th August 2017 and fully supports the recommendations set out in section 6. Cllr Mather said "the contractual and land disposal arrangements bring development at Ashbrow another step closer. I am excited about the range of housing that this project will deliver, including housing for older people and those who need an affordable home for rent".

8. Contact officer

Liz Jefferson, Regeneration Group Leader
Investment & Regeneration
Telephone: 01484 221000

Email: liz.jefferson@kirklees.gov.uk

Adele Buckley, Head of Regeneration and Asset Strategy
Investment and Regeneration
Telephone: 01484 221000

Email: adele.buckley@kirklees.gov.uk

9 Background Papers and History of Decisions

- 17th November 2015 Cabinet report:
- 7th February 2017 Cabinet Report

10. Appendices

- Site plan - Appendix 1
- Private Appendix Heads of Terms Document – Appendix 2
- Private Appendix Valuation Report – Appendix 3
- Private Appendix - Appendix 4

11. Service Director responsible

Paul Kemp - Service Director - Economy, Regeneration and Culture
Tel: 01484221000 Email: paul.kemp@kirklees.gov.uk

