



Name of meeting: Cabinet
Date: 22nd September 2020
Title of report: Small Affordable Housing Sites Programme update: disposal of land at Plane Street, Newsome, Huddersfield

Purpose of report:

The report is to provide Cabinet with an update on the Small Affordable Housing Sites Programme and to seek Cabinet approval to dispose of a site at Plane Street, Newsome, Huddersfield, varying the terms of the previous Cabinet authority of 29 August 2018 to enable the disposal of the at less than market value.

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 This report deals with land disposal issues where the land value in this disposal tranche exceeds £250,000
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)</u>?	Key Decision - Yes Public Report
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by Strategic Director for Economy and Infrastructure	Karl Battersby - 01/09/2020
Date signed off by the Service Director for Finance?	Eamonn Croston - 28/08/2020
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft - 07/09/2020
Cabinet member portfolio	Cllr Peter McBride - Deputy Leader Regeneration Cllr Cathy Scott - Housing and Democracy Cllr Graham Turner - Corporate

Electoral Wards affected: Newsome

Ward councillors consulted: Cllr Karen Allison, Cllr Andrew Cooper, Cllr Susan Lee-Richards

Public or private: Public

Has GDPR been considered? Yes. There is no personal data contained in this report.

1. Summary

- 1.1 This report updates the position on the Small Affordable Housing Sites Programme, ('SAHS') and seeks authority to dispose of the site at Plane Street, Newsome at less than market value.
- 1.2 The amount of any discount would be based on viability appraisals for the development of the site, which is for 100% affordable housing.

2. Information required to take a decision

Background

- 2.1 The Small Affordable Housing Sites Programme is part of the Housing Growth Programme. It is a pilot programme which brings a portfolio of sites forward for the delivery of affordable homes, using the resources of Registered Providers and Homes England and was approved by Cabinet on 29 August 2018. The programme is designed to enable the whole scheme delivery by spring 2022.
- 2.2 The Council's agreed Preferred Partner is Accent Development Consortium (ADC), a group of Registered Providers working with Homes England to build affordable homes. Part of the consortium, Accent Housing, has submitted a planning application for 30 new affordable homes on the site of the former Stile Common School, Plane Street, Newsome, Huddersfield. This is the third phase in the programme.

Cabinet authority

- 2.3 On 29th August 2018 Cabinet:-
 - Approved the competitive disposal of a portfolio of 8 sites to a Registered Provider, and for the construction of only affordable housing and the acquisition of sites at market value;
 - Endorsed the issue of statutory notices advertising the disposal of sites, where this is deemed to be public open space;
 - Delegated authority to the Service Directors for Legal, Governance and Commissioning Support, and Economy and Infrastructure, to negotiate and agree terms and complete the sale of sites once planning permissions are granted, unless further authority is required for the disposal where objections are received following the publication of statutory notice;
 - Delegated authority to the Service Director for Legal, Governance and Commissioning Support to enter into and execute any agreement and other ancillary documents necessary to enable the sale and transfer of the sites in the Small Affordable Housing Sites portfolio.
- 2.3.1. On 26th May 2020, Cabinet further delegated authority for the disposal of three sites at Mirfield and Hightown to Johnnie Johnson Housing Trust at less than market value following the grant of planning permission for 20 affordable bungalows. These are scheduled to be the first units to be constructed in the programme.

- 2.3.2 On 13th July 2020, Cabinet gave delegated authority for the disposal of land at Nabcroft Lane, Huddersfield to Unity Housing and Chartford Housing at less than market value. This is the second phase in the programme.

Programme progress – Plane Street

- 2.4 Accent Housing have submitted a planning application for the development of 30 new affordable homes on the site of the former Stile Common School, Plane Street, Newsome. The site proposals comprise of (9x) 2 bedroom and (21x) 3 bedroom houses. The Plane Street site is the third phase in the programme. The site location plan is appended to this report as Appendix A.
- 2.5 In preparation for the disposal of the site, the Council has instructed external independent valuers to provide a valuation at market value, restricted value and unrestricted value in accordance with the technical appendix to the 2003 General Disposal Consent, pursuant to the Local Government Act 1972.
- 2.6 As the programme has progressed, site evaluation has raised cost and development challenges. Physical challenges due to site levels across the site and additional drainage requirements have led to higher than average construction costs.

Balanced against the higher than average constructions costs of the scheme is the requirement to set the rent of the new homes at affordable levels, to ensure that the properties are financially accessible and inclusive. This reduces the income generated by the homes going forward.

- 2.7 Despite a high level of grant from Homes England, there is still a shortfall in funding and the site is not viable should the land be sold at market value, as provided for in the previous Cabinet decision.
- 2.8 The Council has 2 options:
- (a) Withdraw the site from the SAHS Programme and seek a disposal on the open market
- 2.9 The Council could put the site for sale on the open market. This may secure a higher capital receipt for the Council as higher density market housing could prove financially viable. However, this will not guarantee house building, nor provide social housing which brings with it additional value as outlined below.

(b) Dispose of the site at less than market value (Recommended Option)

- 2.10 This option requires the Council to provide financial assistance to the scheme by disposing of the site at a purchase price below market value.
- 2.11 This option is recommended because the construction of housing at Plane Street under the SAHS Programme would benefit Kirklees by:
- Creating 30 new affordable houses, helping to meet the demand for 2 and 3 bedroom affordable homes in the area

- Securing nomination rights for the Council, based on 100% on first lettings, and 50:50 thereafter between the Council and Accent Housing
- Bringing around £5.7m of inward investment in new homes
- Creating jobs; a nationally recognised benchmark (set out in the National Housing Strategy for England) recognises that for each £1m invested in housing, approximately 12 jobs would be created.
- Assisting the Council in meeting its housing targets under the Local Plan

2.12 The Preferred Partner has supplied the Council a site cost analysis and this information will be assessed by officers to identify the shortfall in funding on the site and determine the amount by which, if any, the market value purchase price would be reduced. Should the actual build costs be less than those shown in the site cost analysis the Council will be able to seek repayment of the difference from the Preferred Partner. This will ensure that the Council is not giving financial assistance over and above what is necessary to make the schemes happen.

- Timescales

2.13 Following purchase, Accent Housing intend to proceed with a contractual start on site in December 2020, enabling their first tranche drawdown of Homes England funding. The site is expected to be completed by March 2022, in line with the final tranche payments in the Shared Ownership and Affordable Homes Programme.

- Expected impact/ outcomes, benefits & risks (how they will be managed)

2.14 The development will achieve several Council objectives in providing quality affordable homes and in meeting objectives in the Housing Strategy and Housing Delivery Programme.

2.15 Programme delivery risk will be managed both in the delivery and funding accountability to Homes England as the principal public funding body, and through continued risk review in the SAHS programme delivery group meetings with Accent Development Consortium.

Evaluation

2.16 The investment from partner agencies in the delivery of this development in the Small Affordable Housing Sites Programme far outweighs the loss of full market capital receipt for the land. The investment in affordable homes will help to meet housing needs and provide quality places. The scheme will also contribute to overall housing delivery trajectory as set out in the Local Plan.

Sustainability

2.17 This parcel of land has previously been assessed by the Council as Local Planning Authority to be sustainable.

Services & agencies involved

2.18 Homes England is a major partner in the Programme. Grant funding from Homes England is expected to contribute to around £1.86m of finance to enable the delivery of new affordable homes at Plane Street. The programme is supported by cross-service working between the Council's Housing Growth and Regeneration Team and

colleagues from the Planning Service, Adult Social Care, Housing Solutions and Accessible Homes, Assets Team and Highways.

3. Implications for the Council

Working with People

- 3.1 The development will provide much needed affordable rented housing for the local community, providing quality affordable housing accommodation for those who are unable to access market housing without intervention. The scheme will be managed by Accent Housing and prior to construction, Accent propose to liaise with the community to outline the scheme and opportunities for applying to live in the development. The Council will nominate the first tenants (100%) and each partner will nominate on a 50:50 basis thereafter. The properties are expected to be advertised on the 'Choose n Move' system.

Working with Partners

- 3.2 The scheme continues the collaborative work that the Council has been undertaking with Registered Providers in the Accent Development Consortium and Homes England to deliver the Small Affordable Housing Programme, using the external resources, capacity, shared risk and expertise of external partners to deliver the site.

- Place Based Working

- 3.3 The development of the site is a local response to identified needs within our communities as identified in the Housing Strategy and Strategic Housing Market Assessment. The development will offer quality, new affordable homes in this locality

- Climate Change and Air Quality

- 3.4 ADC are committed to delivering homes which will achieve high levels of energy efficiency to mitigate any negative impacts on the environment. This will involve the use of building materials with good insulating properties. Other measures aimed at reducing the impact on the environment include maximising natural sunlight in the design of the homes to reduce artificial light usage and reducing water usage through the use of specific sanitary fittings.

Improving outcomes for children

- 3.5 This scheme will provide high quality affordable rented housing which will help to meet the needs of families with children who are unable to access market housing without intervention.

Other (Legal, Financial or Human Resources)

Legal Powers and Implications

- 3.6 The former Stile Common Infant and Nursery School relocated in 2009 and the buildings were demolished in 2011. There are statutory limitations upon Local Authorities disposing school land or buildings.

School Buildings

However, the Council is permitted to transfer the area upon which the school building stood by virtue of Schedule 1, Part One, Paragraph 4 of the Academies Act 2010 as the land has not been used for the purposes of a school in the last 8 years.

School Playing fields (including hardstanding playground , social areas and habitat areas)

Section 77 of the Schools Standards Framework Act 1998 prohibits the disposal of school playing fields without the consent of the Secretary of State, where they have been used within a period of 10 years prior to disposal . Stile Common school closed in summer 2009 and therefore the 10 year period has passed.

However, as this project was being worked up in 2018 prior to the expiration of the 10 year period a notification was sent to the Education Funding Agency in October 2018 of the proposed disposal under the general consent to dispose (The School Playing Fields General Disposal and Change of Use Consent (No 5) 2014). Therefore, no Secretary of State consent for disposal is required.

- 3.7 Under the Local Government Act 1972: General Disposal Consents (England) 2003 a disposal at less than best consideration by a local authority is permitted, without the need for Secretary of State consent, when the authority considers the disposal will help it to secure the promotion or improvement of the social well-being of its area and the undervalue is two million pounds or less.
- 3.8 The disposal of land at below Market Value would constitute State Aid. However, the aid would be exempted as the provision of affordable housing is a Service of General Economic Interest - services of public benefit which are unlikely to be provided to the public at large by the market. As the body giving the State Aid, the Council will inform the recipient (Accent Housing) of specific requirements to avoid overcompensation, and the mechanism to repay compensation should the actual build costs be less than the proposed build costs. These matters would be contained in the legal documents.

4. Consultees and their opinions

- 4.1 This update report relates to a programme which was authorised by Cabinet on 29 August 2018 and is thus pursuant to that authority. Newsome Ward Members have been engaged with the proposals.

5. Next steps and timelines

- 5.1 If Cabinet agree to the recommendations in the report, the disposal of the site at Plane Street under the delegated authority will be progressed. It is expected that subject to Planning approval, a start on site could be made in December 2020 to enable the drawdown of Homes England funding.

6. Officer recommendations and reasons

- 6.1 Cabinet notes the Programme update as outlined in the report, and the proposed investment of the Preferred Partner and Homes England in enabling the acquisition and development of the third phase site at Plane Street, Newsome

- 6.2 Cabinet approves the disposal of land at Plane Street, Newsome as outlined in this report
- 6.3 Cabinet delegate authority to the Strategic Director, Economy and Infrastructure to negotiate and agree terms and dispose of land at Plane Street, as outlined in this report
- 6.4 Cabinet delegate authority to the Service Director for Legal Governance and Commissioning to enter such agreements on negotiated and agreed terms for disposal
- 6.5 These recommendations are necessary to enable the delivery of the third phase of the SAHS programme as previously authorised, and to contribute to the delivery of the Council's Housing Strategy, and Housing Growth Plan.

7. Cabinet Portfolio Holder's recommendations

Cllr Peter McBride, Cllr Cathy Scott, Cllr Graham Turner:

- 7.1 The Cabinet Portfolio Holders support the recommendations in this report and ask Cabinet to resolve to agree to the recommendations as outlined in section 6 of the report.

8. Contact officer

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9. Background Papers and History of Decisions

13 July 2020 – Cabinet Report and Decision to dispose of land at less than best consideration for the site at Nabcroft Lane, Huddersfield.

<https://democracy.kirklees.gov.uk/ieDecisionDetails.aspx?ID=8898>

26 May 2020: Cabinet Report and Decision to dispose of land at less than best consideration for the sites at Kitson Hill Crescent, Mirfield, Fox Royd Avenue, Mirfield and Sixth Avenue, Liversedge.

<https://democracy.kirklees.gov.uk/ieDecisionDetails.aspx?AllId=15620>

29 August 2018 Cabinet report and Decision to proceed with the Small Affordable Housing Sites Programme. Link to Report and Decision:

<https://democracy.kirklees.gov.uk/documents/s24280/Item%2011.%202018-08-29%20Small%20Affordable%20Housing%20Sites%20Cabinet%20Report%20V5.pdf>

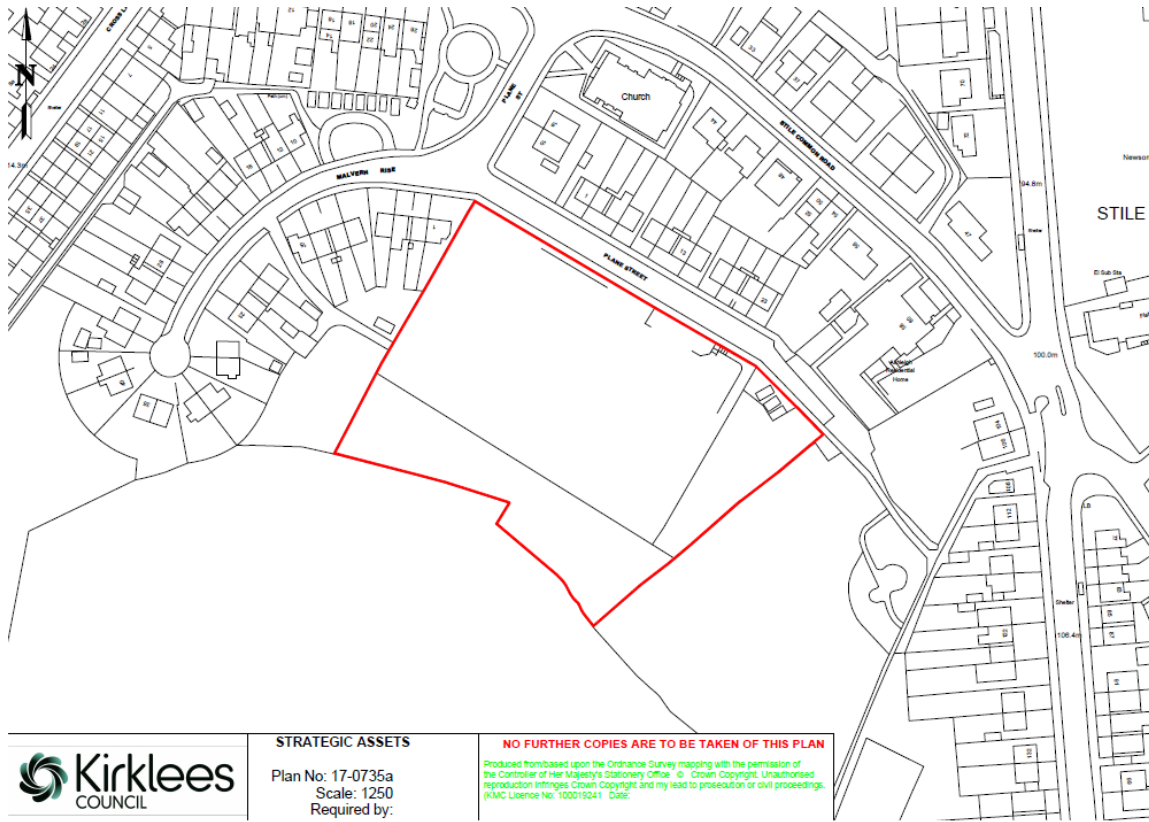
10 Service Director responsible

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Appendix A

Plane Street site location plan

(Please do not scale- for identification purposes only)



STRATEGIC ASSETS

Plan No: 17-0735a
Scale: 1250
Required by:

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