



Name of meeting: CABINET
Date: 26 May 2020
Title of report: Small Affordable Housing Sites Programme update: disposal of sites at Kitson Hill Crescent, and Fox Royd Drive, Mirfield, and Sixth Avenue, Hightown, Liversedge to the Johnnie Johnson Housing Trust

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 vary the terms of the previous Cabinet authority of 29 August 2018 to enable the disposal of three sites at Kitson Hill Crescent, Mirfield; Fox Royd Drive, Mirfield and Sixth Avenue, Hightown, Liversedge 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 aggregate of land values in this disposal tranche exceeds £250,000 and where 2 Wards are affected.
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 Date signed off by the Service Director for Finance? Is it also signed off by the Service Director for Legal Governance and Commissioning?	Karl Battersby - 1 May 2020 Eamonn Croston - 12 May 2020 Julie Muscroft - 1 May 2020
Cabinet member portfolio	Cllr Peter McBride – Deputy Leader. Regeneration Cllr Cathy Scott – Housing and Democracy Cllr Graham Turner - Corporate

Electoral Wards affected: Liversedge and Gomersal, and Mirfield

Ward councillors consulted: Mirfield: Cllrs Martyn Bolt, Cllr Vivien Lees-Hamilton, Cllr Kath Taylor, Cllr David Hall, Cllr Michelle Grainger Mead, Cllr Lisa Holmes

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 first 3 sites Kitson Hill Crescent, Mirfield; Fox Royd Drive, Mirfield and Sixth Avenue, Hightown, Liversedge at less than market value.
- 1.2 The amount of any discount would be based on viability appraisals for the development of the sites, which are 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 scheme delivery by spring 2022.
- 2.2. The Council's agreed Preferred Partner is Accent Development Consortium, a group of Registered Providers working with Homes England to build affordable homes. Part of the consortium, Johnnie Johnson Housing Trust ['JJHT'], has secured planning permission for 20 affordable bungalows for people over 55 on three sites at Kitson Hill Crescent and Fox Royd Drive, Mirfield, and Sixth Avenue, Hightown, Liversedge. Other sites in the programme are being assessed by partners and a further update report relating to these will be brought to Cabinet at a later date.

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.

Programme progress

- 2.4 Following a statutory notice of disposal under S123 of the Local Government Act 1972, an objection to the disposal of the Kitson Hill Crescent site was considered by Cabinet on 25th February 2020. A Cabinet decision to proceed with the disposal was made and delegated authority for the disposal of the site was given.
- 2.5 In preparation for the disposal of the first tranche of three sites, the Council has obtained 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. These valuations have been shared with the preferred partner.
- 2.6 The type of properties being developed - over 55 bungalows and site evaluation for all three sites has raised cost and development challenges. These are due to:
- Physical challenges of the sites
 - Increased costs of providing bungalows as opposed to houses due to additional access and space requirements and the lower density nature of this housing

Balanced against the higher than average constructions costs of the schemes is the requirement to set the rent of the new homes at affordable levels, thus reducing the income generated by the homes going forward. Rental income to be generated is also lower than average as the homes to be built are bungalows, as opposed to houses which would command a higher rent. To address this, Homes England have provided higher than average grant to support the schemes.

- 2.7 Despite the high level of grant from Homes England, there is still a shortfall in funding and the sites are 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 sites from the SAHS Programme and seek a disposal on the open market
- 2.9 The Council could put the sites for sale on the open market. This may secure higher capital receipts 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 sites 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 sites at a purchase price below market value.
- 2.11 This option is recommended because the construction of housing at Kitson Hill Crescent, Mirfield; Fox Royd Drive, Mirfield and Sixth Avenue, Hightown, Liveredge under the SAHS Programme would benefit Kirklees by:
- Creating 20 new affordable bungalows for the over 55's

- Securing nomination rights for the Council, based on 100% on first lettings, and 50:50 thereafter between the Council and Johnnie Johnson Housing Trust.
- Bringing around £3.38m 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, 12 jobs would be created.
- Promoting older people's integration within the existing communities.
- Providing an opportunity for older residents to downsize, thereby freeing up family homes.

Assist the council in meeting its housing targets under the Local Plan

2.12 The Council's independent surveyor has valued the three sites at market value.

2.13 The Preferred Partner has supplied to the Council site cost analysis and this information would be assessed by officers to identify the shortfall in funding on each 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

2.14 Following purchase, JJHT intend to proceed with a contractual start on site in April, enabling their first tranche drawdown of Homes England funding. Completion of the sites is expected to have occurred by March 2021, 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)

2.15 The developments will achieve several Council objectives in providing quality affordable homes for an ageing population, and in meeting objectives in the Housing Strategy and Housing Delivery Programme. The bungalows will be able to be adapted to different residents' needs. The bungalows mark an important step to addressing older peoples' needs in established communities.

2.16 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

2.17 The investment from partner agencies in the delivery of the first tranche of sites 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 needs, and provide quality places that will be constructed for people to live safely and affordably in their later lives. The development of these three sites will secure longer term affordable accommodation in small pockets of land where older people will be able to live within mixed tenure developments. The scheme will also contribute to overall housing delivery trajectory as set out in the Local Plan.

Sustainability

- 2.18 These parcels of land have been assessed by the Council as Local Planning Authority to be sustainable.

Services & agencies involved

- 2.19 Homes England is a major partner in the Programme. Grant funding from the Shared Ownership and Affordable Homes Programme is expected to contribute to around £1.15m of finance to enable the delivery of these new affordable homes. The programme is supported by cross-service working between the Council's Housing Growth Team and colleagues from the Planning Service, Assets team and highways.

3. Implications for the Council

Working with People

- 3.1 These developments will provide much needed affordable rented housing for the over 55 age group, providing quality affordable housing accommodation for those who are unable to access market housing without intervention. The schemes will be managed by JJHT and prior to construction, JJHT propose to liaise with the community to outline the scheme and opportunities for applying to live in the developments. 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.
- 3.2 The Kitson Hill development will formalise the existing trackway into the site which is used by some residents for rear garden access. Where driveways have been created, the access way will create a properly surfaced vehicular access to homes.

Working with Partners

- 3.3 The schemes continue 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 first tranche of sites. These three developments will secure over £3.28m of external investment of which £1.15m is expected from Homes England.

- Place Based Working

- 3.4 The development of the sites are local responses to identified needs within our communities as identified in the Housing Strategy and Strategic Housing Market Assessment. The developments will offer quality, new affordable bungalows. The access to the existing properties will be improved at Kitson Hill Crescent, and at Fox Royd Drive, the scheme will transform a neglected corner and a land management liability. At Sixth Avenue, the bungalows will complement the Mowat Court scheme in providing a potential link to supported accommodation in later life.

- Climate Change and Air Quality

- 3.5 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.

- 3.6 Air quality has been considered as part of the planning application process. The report to Heavy Woollen Planning Sub Committee on 9th January 2020 confirmed that the proposal is classed as a minor proposal in the West Yorkshire Emissions Strategy, requiring the provision of vehicle charging points. The scheme provides vehicle charging points for each dwelling.

Improving outcomes for children

- 3.7 Whilst the scheme will provide housing for the over 55 age group, this scheme may indirectly help families with children. This could be achieved through use of the Council's nominations process outlined above. An approach could be to successfully incentivise older people who are under-occupying family housing to move into these bungalows, and which are more likely to better suit their needs and enable them to live independently for longer. This may in turn enable to house families with children in the released family home. Officers will investigate local letting policy approaches to achieve this and where this could complement the existing HomeFit service administered by KNH.

Other (Legal, Financial or Human Resources)

Legal Powers and Implications

- 3.8 The land to which this report refers is held in the Housing Revenue Account.
- 3.9 The Council has the power to dispose of Housing Revenue Account land by virtue of Section 32 of the Housing Act 1985 and the General Housing Consents 2013 A3.2.
- 3.10 The Council has the power to provide financial assistance for the development of housing accommodation to a Registered Provider under Section 24 of the Local Government Act 1988 and the General Consent for the disposal of land to registered providers of social housing 2010 (as amended). There are conditions under this consent that the development of housing land shall be completed within 3 years of the disposal and that the housing accommodation developed shall be let by the registered provider as social housing and these would be placed upon the recipient via the legal documents.
- 3.11 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 (JJHT) 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 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. However, as these sites are in two wards, all Members in the Liversedge and Gomersal, and Mirfield Wards have

been consulted. Any comments received prior to decision will be reported.
Comments received at the time of writing are:

Cllr Martyn Bolt has responded to express concerns around consultation timescales in the context of Members' current work to support communities and families, and avoid illness.

Cllr Bolt has further responded to this consultation to:

- (a) express concerns about 'losing' council land to the private sector, when the council is reviewing social housing management;
- (b) Reference development /management issues on a private development site not related to this programme.
- (c) Seek to ensure that the highest service standards can be guaranteed for residents before 'giving away' land inherited by the Council from the former Mirfield UDC.
- (d) Seek clarity around the future of social housing.

Note:

The disposal of Council land to Registered Housing Providers in this programme was approved by Cabinet on 29 August 2018.

Service Standards and housing management are matters for the developer as a Registered Provider, and which are overseen by the Regulator of Social Housing. The provider has published policies on customer services and its drive to secure 'outstanding customer service'. The Regulator confirmed grade 1 status for governance and viability of the organisation in November 2019.

Housing management issues in Kirklees will be considered in a future Cabinet meeting, for which a Key Decision Notice was published on 2 March 2020. This report will consider the outcome of the options assessment for the management and maintenance of the housing stock.

Cllr Vivien Lees-Hamilton has reasserted Cllr Bolt's initial observations.

Cllr Kath Taylor: Comment awaited.

Cllr David Hall: Comment awaited.

Cllr Michelle Grainger Mead has confirmed that she has no objection as long as the sites are sold at Market Value to developers. She also advises that there is a definite need for these sorts of housing schemes in the area. Cllr Grainger – Mead also sought clarification on whether these sites are allocated in the Local Plan, or in addition to the Local Plan.

[Note: Clarification was provided to Cllr Grainger-Mead in relation to the unallocated status of the sites and the projected 4500 'windfall' units over the Local Plan period to 2031.]

Cllr Grainger-Mead has further responded: to note the clarification and that she has no issue with these sites in her ward.

Cllr Lisa Holmes: Comment awaited.

5. Next steps and timelines

- 5.1 If Cabinet agree to the recommendations in the report, the disposal of the sites to JJHT under the delegated authority will be progressed. It is expected that a start on site could be made this spring to enable the drawdown of Homes England funding.
- 5.2 It is expected that the new bungalows will be handed over and prepared for first letting in the spring of 2021. JJHT has indicated that pre-development engagement with communities around the sites would be undertaken before the construction phase.

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 first tranche of three sites at Kitson Hill Crescent and Fox Royd Drive, Mirfield, and Sixth Avenue, Hightown, Liversedge**
- 6.2 **Cabinet approves the disposal of land at Kitson Hill Crescent and Fox Royd Drive, Mirfield, and Sixth Avenue, Hightown, Liversedge 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 Kitson Hill Crescent, Fox Royd Drive, Mirfield, and Sixth Avenue, Hightown, Liversedge 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 first tranche 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

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

- 7.2 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

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>

25 February 2020: Cabinet Report and Decision to proceed with land disposal at Kitson Hill Crescent, Mirfield in respect of an objection received in response to a Notice to dispose of Public Open Space under S123 of the Local Government Act 1972

<https://democracy.kirklees.gov.uk/documents/s34935/Item%2010%20Kitson%20Hill%20Crescent%20-%20Final.pdf>

10 Service Director responsible

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