

<b>Report To:</b>	<b>CABINET</b>	<b>Date:</b>	<b>29 June 2021</b>
<b>Heading:</b>	<b>AFFORDABLE HOUSING DEVELOPMENT – WESLEY STREET, ANNESLEY</b>		
<b>Portfolio Holder:</b>	<b>CLLR TOM HOLLIS, PORTFOLIO HOLDER FOR HOUSING &amp; ASSETS</b>		
<b>Ward/s:</b>	<b>ANNESLEY AND KIRKBY WOODHOUSE</b>		
<b>Key Decision:</b>	<b>YES</b>		
<b>Subject to Call-In:</b>	<b>YES</b>		

### **Purpose of Report**

To advise Members about the opportunity to develop affordable bungalows on a Council owned undeveloped plot of land at Wesley Street, Annesley, and seek approval of said development.

### **Recommendation(s)**

Subject to planning consent and Homes England funding:

1. To approve the use of the unused section of the Council-owned Wesley Street Allotment site for bungalows let on an affordable rent basis.
2. To grant delegated authority to the Director of Housing and Assets, in conjunction with the Director of Legal and Governance, and the Chief Finance Officer, to agree the appropriation of the Wesley Street site from the General Fund to the Housing Revenue Account based upon best consideration of the land value and the parameters of the social housing viability model and in line with details set out in the report.
3. To approve the use of both Housing Revenue Account reserves and Commuted Sums to fund the construction of 12 new affordable homes.
4. To grant delegated authority to the Director of Housing and Assets, in conjunction with the Chief Finance Officer, to negotiate and formalise final scheme costs, specification and delivery.

5. To grant delegated authority to the Director of Housing and Assets, to procure and appoint a contractor to develop the site.
6. To grant delegated authority to the Director of Housing and Assets to contract, on behalf of the Council, with Homes England, for the purposes of receiving subsidy to ensure that developments are viable and fall within the Council's 30-year business plan model.
7. To grant delegated authority to the Director of Housing and Assets, in conjunction with the Director of Legal and Governance, to negotiate a settlement figure with The Welbeck Estate, to allow the removal of a covenant on the title that currently forbids development.
8. To delegate authority to the Director of Housing and Assets in conjunction with the Director of Legal and Democratic Services to apply to the Secretary of State to release the land for the purposes of social housing.

### **Reasons for Recommendation(s)**

The development will help to achieve the Council's Corporate Plan objective of delivering much needed additional good quality affordable housing in the District.

The development will bring into use, in an extremely positive way, an under used site.

### **Alternative Options Considered**

- Do nothing with the land. This was rejected because the land is not currently being used and has development potential.
- Sell the land for private development. This was rejected as the existing covenant would negate private development

### **Detailed Information**

The Corporate Plan sets out the Council's ambition to ensure there is sufficient good quality, affordable housing for the residents of Ashfield. To achieve this the Council cannot rely upon Registered Providers and private house builders alone; it is important that the Council looks at the opportunities to develop new affordable housing on sites it owns.

Within the curtilage of the Council owned allotment site on Wesley Street, Annesley, is a section of unused land that has been identified as being potentially suitable for affordable housing.

The proposal is the use the section of land to construct 12 two-bedroom bungalows. Demand for such accommodation; during the last 12-month period 11 two-bedroom bungalows have become available in the Kirkby area with each property attracting an average of 37 bids. Bungalows will also be in keeping with the existing street scene.

Whilst the site is in the ownership of the General Fund, and would need to be transferred to the HRA, it is important to note there is a covenant on the land, which was placed on by The Duke of

Portland (The Welbeck Estate). The land was originally gifted by The Welbeck Estate in the 1930's, and a covenant was placed on the title to restrict any development. Officers have been in negotiation with The Estate and as the proposal is for new council housing, they would be willing to remove or adapt the covenant for an agreed fee of £70,000.

The development, in addition to delivering much needed affordable housing, would bring in extra Council Tax revenue and may, subject to potential changes to Government funding arrangements, also generate New Homes Bonus funding.

The viability of the development is dependent upon the Council receiving Homes England funding. The development is also dependent on securing approval from The National Allotment Society. Although the site is unused as an allotment, under regulations permission must be sought.

In keeping with other Council housing, some of the units will be eligible for the Right to Buy. However, an adaptation to the covenant could insist on the properties not being eligible for private ownership.

## **Cost**

The plans and procurement are at an early stage. We estimate the development of the site, including costs associated with procuring the site for the HRA will be in the region of £1,984,000. If Homes England funding is secured of £480,000, the net cost to the Council would be circa £1,504,000. HRA reserves plus any available commuted sums would be used to cover development costs.

Net of Homes England grant the average cost per unit is £126,166, meaning the scheme pays back in year 40, which is within the Council's acceptable parameters.

If Homes England funding fails, the scheme would not be viable and would not proceed.

This scheme is viable based on an assumption of £31k appropriation to the General Fund. If the Scheme is implemented and final costs are less than those included in the model, any surplus will be added to the £31k appropriation value, again based on the 40 year pay-back period.

## **Implications**

### **Corporate Plan:**

The Corporate Plan identifies a need to ensure there is sufficient housing available in the District of the right size, type and quality, ensuring an adequate supply of affordable housing.

### **Legal:**

Legal advice and support will be provided throughout the process. Contract Procedure Rules allow procurement through framework agreements. Appropriation to HRA - Section 122 of the Local Government Act 1972 empowers a Local Authority to appropriate land for any purpose for which the Council is authorised by the 1972 Act (or any other enactment) to acquire land by agreement and which is surplus to the Council's requirements. With regard to the former, the Council is able to acquire land for housing purposes under section 17(1) of the Housing Act 1985 by agreement or otherwise. Appropriation under section 122 is expressly made subject to the rights of other persons in respect of the land concerned. Section 19 (1) of the Housing Act 1985 states that a Local Authority may appropriate for the purposes of housing any land for the time being vested in them or

at their disposal and the authority shall have the same powers in relation to the land appropriated as they have in relation to land acquired by them for the purposes of housing.

**Finance:**

<b>Budget Area</b>	<b>Implication</b>
General Fund – Revenue Budget	Additional Council Tax and potentially New Homes Bonus. Reduction in capital charges due to reduction in General Fund Capital Financing Requirement (CRF) due to the appropriation of land to HRA
General Fund – Capital Programme	None
Housing Revenue Account – Revenue Budget	Additional annual rent of £5,385 per plot per annum, thus £64,620 for all 12 units.
Housing Revenue Account – Capital Programme	As detailed in the body of the report (Cost Section)

**Risk:**

<b>Risk</b>	<b>Mitigation</b>
Homes England funding not secured	None. Scheme will not go ahead
Planning permission not granted	None. Scheme will not go ahead
Land proves unsuitable without significant remediation	Topographical and ground surveys produced before contract commitment.
Unexpected costs	Risks to be minimised through robust contractual arrangements.
Material and/or building supply delays	Risk sits with contractor, offset through a longstop clause

**Human Resources:**

**No implications.**

**Environmental/Sustainability:**

All new properties to be built to current environmental regulations, with lowest achievable u value. The U value measures Thermal Transmittance and refers to heat escaping from the home. The lower the U value, the less movement of heat and cold between inside and outside. This compliments the Regulator for Social Housing’s proposal that all Social Housing stock will attain a minimum of EPC rating ‘C’ by 2030 and net-zero carbon by 2050.

**Equalities:**

An Equalities Impact Assessment Screening Form will be completed and submitted in accordance with the Council's policy.

**Other Implications:**

*(if applicable)*

**Reason(s) for Urgency**

*(if applicable)*

**Reason(s) for Exemption**

*(if applicable)*

**Background Papers**

*(if applicable)*

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