

Report To:	CABINET
Date:	7TH DECEMBER 2021
Heading:	DEVELOPMENT OF SOCIAL HOUSING ON WARWICK CLOSE KIRKBY-IN-ASHFIELD
Portfolio Holder:	COUNCILLOR TOM HOLLIS PORTFOLIO HOLDER FOR COUNCIL AND SOCIAL HOUSING
Ward/s:	ABBAY HILL
Key Decision:	YES
Subject to Call-In:	YES

1.1 Purpose of Report

To advise Members of the proposal to develop affordable housing on Warwick Close, Kirkby in Ashfield and to seek approval of the said proposal.

1.2 Recommendation(s)

Subject to planning consent and Homes England funding:

- 1) To approve the use of the land to redevelop housing for Affordable rent.
- 2) To approve the use of both Housing Revenue Account reserves and, if appropriate, commuted capital sums to fund the construction of new affordable homes.
- 3) To approve the use of Right to Buy receipts (after further appraisal) if no Homes England grant is made available to make the scheme viable.
- 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.

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- 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 a maximum payback period of 40 years.

1.3 *Reasons for Recommendation(s)*

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

The development regenerates a brownfield site (HRA land) that is suitable for housing

1.4 *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. This was rejected because the land is suitable for the Council to develop.

1.5 *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.

The plot of land on Warwick Close, Kirkby-in-Ashfield previously contained flats which were demolished in 2010. At the time there were no plans to rebuild new homes on the site. In the years since the site was earmarked as providing s106 affordable homes associated with a neighbouring site. The site is no longer required for this purpose.

The land sits within the Housing Revenue Account, our proposal is to utilise it to construct circa 34 two-bedroom and three bedroom houses. Demand for such accommodation in the Kirkby in Ashfield area is high, with around 4,000 people on the waiting list, an average of 50 new applications per week, and approximately 150 bids per available property.

The attached supporting document includes an indicative plan of what is being proposed for the site subject to Planning Permission.

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 or the use of Right to Buy receipts.

Cost:

The plans and procurement are at an early stage. We estimate the development of the site to cost in the region of £4.75Million.

With Homes England funding of £1.46Million, this brings the cost down to £3.29Million. This falls within the Council's acceptable parameters for payback, this is year 26 for the two beds and year 29 for the three beds.

If the application for Homes England funding fails and the use of Right to Buy receipts is not supported in terms of this being the best use of those receipts, the scheme would not be viable and would not proceed.

The site is viable without the need to use commuted capital sums. However, there is the need to have flexibility and utilise such sums should they be required.

1.6 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. [RLD 15/10/2021]

Finance:

Budget Area	Implication
General Fund – Revenue Budget	Additional Council Tax and potentially New Homes Bonus funding.
General Fund – Capital Programme	None
Housing Revenue Account – Revenue Budget	Additional rent of £5,385 per plot per annum for the 18 two beds, and £5,684 per plot per annum for the 16 three beds, thus £187,874 per annum
Housing Revenue Account – Capital Programme	£3.287m or £4.749m if Right to Buy receipts are used in the absence of Homes England funding

1.7 Risk:

Risk	Mitigation
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:

None

Environmental/Sustainability:

A fabric first approach is taken with development, meaning more insulation and air tightness to increase thermo efficiency thus reduce heating bills and use of fuels

Equalities:

None

Other Implications:

Not applicable

1.8 Reason(s) for Urgency

Not applicable

1.9 Reason(s) for Exemption

Not applicable

1.10 Background Papers

None

1.11 Report Author and Contact Officer

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