

<b>Report To:</b>	<b>CABINET</b>
<b>Date:</b>	<b>18<sup>TH</sup> SEPTEMBER 2023</b>
<b>Heading:</b>	<b>PROPOSED LAND TRANSFER</b>
<b>Executive Lead Member:</b>	<b>CLLR T HOLLIS, EXECUTIVE LEAD – STRATEGIC HOUSING &amp; CLIMATE CHANGE</b>
<b>Ward/s:</b>	<b>KINGSWAY</b>
<b>Key Decision:</b>	<b>YES</b>
<b>Subject to Call-In:</b>	<b>YES</b>

## **Purpose of Report**

To provide an update to Members in respect of progress against the actions agreed at the Cabinet Meeting on 26<sup>th</sup> June 2023 relating to proposed appropriation of land at Central Avenue, Kirkby in Ashfield.

To advise Members of a proposed change to the original land exchange proposal regarding Central Avenue, with the revised recommendation that if the appropriation goes ahead, it is by way of a one-off purchase rather than a land exchange.

Having considered the updates, to seek a final decision from Members in respect of the proposed land appropriation.

## **Recommendation(s)**

1. To note that consent has been received from the Secretary of State for Levelling Up, Housing and Communities to change the use of a defined parcel of allotment land on the edge of the Central Avenue, Kirkby in Ashfield. The land has never been used for allotment purpose and is currently overgrown scrubland.
2. To confirm a decision in respect of the proposed appropriation of Central Avenue from the GF to the HRA.
3. The following further recommendations only apply if the proposed appropriation is approved by Cabinet;
  - To approve the purchase of the GF site by the HRA (subject to Planning), based on the market valuation conducted by Heb Chartered Surveyors in February 2023. To grant delegated authority to the Executive Director of Operations and the Corporate Resources Director to determine any adjustments required and agree the full and final figure.
  - To approve the proposal to develop the exchanged site at Central Avenue for affordable housing to meet local need.
  - To grant delegated authority to the Executive Director of Operations, in conjunction with the Corporate Resources Director, to negotiate and formalise final scheme costs, property mix, specification and delivery.
  - To grant delegated authority to the Executive Director of Operations, to procure and appoint a contractor to develop the site.
  - To grant delegated authority to the Executive Director of Operations 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.

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

Approval of the proposed appropriation of Central Avenue, Kirkby in Ashfield from the Council's General Fund (GF) to the Housing Revenue Account (HRA) via a land exchange was agreed subject to an application being made to the Secretary of State for Levelling Up, Homes and Communities to approve the change of use of a defined parcel of land (currently scrubland) from designated allotment land. Following consultation with the National Allotment Society, the Secretary of State consented to the request. Confirmation of this was received on 3<sup>rd</sup> August 2023, a copy of which is included at Enclosure 1.

The Cabinet report of 26<sup>th</sup> June 2023 included a recommendation to complete the appropriation by way of an exchange of land, involving HRA land at Clegg Hill Drive, Huthwaite. However, following a

reappraisal of the scheme, the HRA is in a position to purchase the site and this is seen as being a more straightforward process, one that will ensure the GF receives the full market value for the site.

## **Alternative Options Considered**

Not to proceed with the land appropriation. The proposed appropriation was approved in principle by Members at the Cabinet Meeting on 26<sup>th</sup> June 2023. In view of the decision, it would not be appropriate for officers to withdraw the proposal.

## **Detailed Information**

As outlined above, the proposal to appropriate land at Central Avenue, Kirkby in Ashfield was approved in principle at the Cabinet Meeting on 26<sup>th</sup> June 2023. The recommendation was to complete this by way of a land exchange, with an equivalent sized parcel of HRA land at Clegg Hill Drive, Huthwaite, being exchanged for the GF site. As the open market valuation for the HRA site is less per unit than that of the GF site, an additional payment would be made to the GF to ensure that up to full value for the site can be achieved.

Approval was subject to consent to redesignate the land at Central Avenue from allotment use, something that was granted on 3<sup>rd</sup> August 2023.

### **Land purchase**

A financial reappraisal of the proposed appropriation has been conducted. The trigger for this was the increase in local market rent levels, and specifically the market rent valuation for new build Council homes at Charlotte Gardens, Sutton in Ashfield. Whilst future rent levels are unknown, demand for rented accommodation will continue to remain high. Rent levels may stabilise but there is no evidence to suggest they will fall.

Based upon a higher rental yield over 40 years and an enhanced grant level from Homes England, the HRA is able to buy the site from the GF at the assessed market value. An independent valuation of the site was conducted by Heb Chartered Surveyors in February 2023 and would form the basis of the financial settlement.

The above proposal negates the need to include Clegg Hill Drive, Huthwaite, in a land exchange, as was originally proposed.

### **Housing Need**

The Council is committed to doing everything possible to meeting local housing need. Demand for Council housing and other affordable housing is exceptionally high and there is no likelihood of this changing.

There is a corporate commitment to ensure there is sufficient housing available in the District of the right size, type and quality, ensuring an adequate supply of affordable housing. Finding suitable sites is difficult. All opportunities, be they Council owned or private sites, are being explored. There is an intention to consider Central Avenue for housing development if the proposal to appropriate the site is approved.

## **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.

The Council has a corporate commitment to helping improve the health and happiness of communities and has a range of Corporate Plan initiatives relating to public open spaces.

### **Legal:**

The Council is able to appropriate land from the General Fund to the HRA and vice versa but must do so in accordance with the powers under which the appropriations are to be made, and in compliance with wider public law decision making principles.

Section 19 of the Housing Act 1985 provides power to appropriate land from the General Fund into the HRA.

Where land has at any time been acquired or appropriated for the use of allotments, then Secretary of State consent will be required to the appropriation. The Secretary of State's consent has been received.

The Council will need to make adjustments to its accounts to reflect the appropriation. [RLD 08/09/2023]

### **Finance:**

<b>Budget Area</b>	<b>Implication</b>
General Fund – Revenue Budget	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 - the value of which is to be determined
General Fund – Capital Programme	None
Housing Revenue Account – Revenue Budget	Revenue Budget Additional annual rent income to be finalised. Increase in Capital Charges due to increase in HRA CFR due to the appropriation of land to HRA or one-off charge to the HRA to fund the increase in CFR as a voluntary revenue provision – Once the value is determined these options will be assessed and the most beneficial option to the HRA business plan will be actioned.
Housing Revenue Account – Capital Programme	Capital Programme total value to be finalised

### **Risk:**

<b>Risk</b>	<b>Mitigation</b>
Failure to secure Planning consent to develop the site.	Should the site proceed to the planning stage a thorough and comprehensive application would be

	submitted. Pre-planning advice would be obtained to inform the design and preparation of the application.
Failure to secure Homes England funding for any future development	Any development proposal will be discussed in advance with Homes England with a financial reassessment being conducted if funding at the required level is not forthcoming.
Escalating development costs	Any new development scheme is carefully costed before a commitment is given. A robust process will be followed and any development will only proceed if it is deemed economically viable.

### **Human Resources:**

There are no direct HR implications however if contractors/Agency are engaged the Authority must ensure IR35 compliance where applicable.

### **Environmental/Sustainability:**

No identified environmental impacts.

### **Equalities:**

No equality issues identified.

### **Other Implications:**

### **Reason(s) for Urgency**

N/A

### **Reason(s) for Exemption**

N/A

### **Background Papers**

N/A

### **Report Author and Contact Officer**

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