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| Subject: | DEVELOPMENT OF NEW AFFORDABLE HOUSING - FOXBOROUGH CLOSE, WOODNESBOROUGH |
| Meeting and Date: | Cabinet – 3 July 2017 |
| Report of: | Mike Davis, Director of Finance, Housing and Community |
| Portfolio Holder: | Councillor Pauline Beresford, Portfolio Holder for Housing, Health and Wellbeing |
| Decision Type: | Key Decision |
| Classification: | Unrestricted |

Purpose of the report: To seek project approval for the development of two affordable homes on Council-owned land at Foxborough Close, Woodnesborough

Recommendation:

1. That Cabinet approves in principle the proposed project to build two affordable homes for rent on land owned by the Council at Foxborough Close, Woodnesborough.
2. That Cabinet authorises the Director of Environment and Corporate Assets, acting in consultation with the Director of Finance, Housing and Community and the Portfolio Holder for Housing, Health and Wellbeing, to take the necessary decisions to progress the development of the site to the construction phase including decisions relating to the award of contracts.

1. Summary

- 1.1 The Council recently purchased a small area of land from Town & Country Housing Group (TCHG) in Foxborough Close, Woodnesborough. Based on an undertaking that the Council would look to develop the land for affordable housing, TCHG agreed to sell it for £1 but included an overage clause in the agreement which would be activated in the event that the land was developed to provide anything other than affordable housing.
- 1.2 The land adjoins a disused play area also owned by the Council and held for housing purposes. The combined area of land is considered suitable for the construction of 2, two bedroom semi-detached houses.
- 1.3 The report therefore recommends that the Council seeks planning permission to build 2 affordable homes for rent on the site and if successful procures the necessary contracts for their construction with the cost to be met from a combination of Housing Initiatives Reserve monies, developer financial contributions and Right to Buy receipts which are ring-fenced for 'one for one' affordable housing replacement.

2. Introduction and Background

- 2.1 In 2001 the Council transferred ownership of land and dwellings at Foxborough Close, Woodnesborough to TCHG. The dwellings were of a prefabricated construction designated as defective under the Housing Defects Act 1984. Following acquisition, TCHG demolished the dwellings and redeveloped the site. However, they

left a small area of land undeveloped which is shown hatched on the plan attached at Appendix 1.

- 2.2 The Council has retained ownership of a small play area adjoining the undeveloped TCHG land. The Council subsequently took a decision not to continue maintaining the play area and the play equipment was removed a number of years ago.
- 2.3 TCHG recently agreed to sell their area of land to the Council and, on the understanding that the land would be developed to provide affordable housing, they agreed a nominal purchase price of £1. However, to protect their interest an overage clause was included in the agreement which will be activated should the land be developed for anything other than affordable homes. The land purchase has now been completed and the land is in the process of being registered in the Council's name with the Land Registry. A development feasibility assessment indicates that the combined areas of land should be suitable, subject to planning, for the construction of a pair of two bedroom semi-detached houses (see Appendix 2).
- 2.4 There is a significant need for more affordable housing in the district and the development of two affordable homes for rent can be funded from a combination of Housing Initiative Reserve money accumulated from HRA annual surpluses, RTB 'one for one' replacement receipts and developer financial contributions.
- 2.5 If the land is not developed, it will need to be maintained by the Council on an on-going basis.
- 2.6 It is therefore proposed that a planning application should be made with a view to developing the site for affordable housing. If planning permission is granted the Council will need to procure a contractor to build the homes and it is recommended that the Director of Environment and Corporate Assets, acting in consultation with the Director of Finance, Housing and Community and the Portfolio Holder for Housing, Health and Wellbeing, should be authorised to approve the award of related contracts.

3. Identification of Options

- 3.1 Option 1: Approve the project as proposed in the report.
- 3.2 Option 2: Pursue an alternative option for the site e.g. sale of the site or develop the site for market housing.
- 3.3 Option 3: Retain and maintain the site.

4. Evaluation of Options

- 4.1 Option 3 is not recommended as it will not provide the additional housing needed in the district and will have a cost implication in respect of on-going maintenance.
- 4.2 Option 2 is not recommended as the value that can be achieved will be reduced by the overage clause and the opportunity to build affordable homes to help meet local housing need will be lost.
- 4.3 Option 1 is recommended because it will provide affordable additional affordable housing to meet local need. It will also enable the Council to use 'one for one' RTB receipts which have to be used to fund affordable housing schemes and are time restricted. Failure to use them within the time period will mean the Council has to pay

the money to government with interest. In addition, it will enable the Council to use a developer financial contribution to affordable housing within the required local housing market area.

5. Resource Implications

5.1 Based on the cost of developing the 3 affordable, two-bedroom houses at Adelaide Road, Elvington it has been estimated that the cost of this development should be in the region of £250,000. This has been included in the amount allowed for HRA projects in the 2017/18 MTFP.

5.2 It is anticipated that the scheme will be funded as follows:

Developer contribution: £122k

RTB receipts: £75k

Housing Initiatives Reserve: £53k

In the event that the build cost exceeds £250k, then subject to a value for money assessment, the additional cost will be met from the HIR.

6. Corporate Implications

6.1 Comment from the Section 151 Officer: Accountancy have been consulted and have no further comments to add (BW).

6.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.

6.3 Comment from the Equalities Officer: The report does not specifically highlight any equalities implications, however in discharging their responsibilities members are required to comply with the public sector equality duty as set out in section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15>

6.4 Other Officers (as appropriate): None received.

7. Appendices

Appendix 1 – Plan showing location of former TCHG land

Appendix 2 – Indicative feasibility layout for combined site

8. Background Papers

None.

Contact Officer: Paul Whitfield, Head of Strategic Housing