

TELFORD & WREKIN COUNCIL

CABINET – 7th JULY 2009

SMALL SITES AFFORDABLE HOUSING PROGRAMME

**JOINT REPORT OF HEAD OF THE INTEGRATED HOUSING PROJECT
AND HEAD OF ASSET & PROPERTY MANAGEMENT**

1.0 PURPOSE

- 1.1 To update Members on the establishment of a Small Sites Affordable Housing Programme (the Programme) in partnership with the Homes & Communities Agency (HCA).
- 1.2 To seek approval for a number of Council owned sites to be included in the Programme.

2.0 RECOMMENDATIONS

- 2.1 That Cabinet endorses the establishment of a Small Sites Affordable Housing Programme in partnership with the Homes & Communities Agency (HCA).
- 2.2 That the Head of the Integrated Housing Project is given delegated authority to enter into a collaboration agreement with the HCA which will formalise the partnership and set out the objectives and expectations of the Programme.
- 2.3 That the Head of the Integrated Housing Project, is given delegated authority to negotiate and finalise the arrangements for the joint procurement with the HCA in the appointment of a development partner.
- 2.4 That the Head of the Integrated Housing Project, is given delegated authority to authorise any necessary work to bring forward the Council's sites in consultation with the Cabinet Member for Regeneration.
- 2.5 That the Head of Asset & Property Management be granted delegated authority, after consultation with the Cabinet Member for Regeneration, to identify appropriate Council owned sites for inclusion in the Small Sites Affordable Housing Programme and thereafter to dispose of those sites to the procured development partner at nil value.
- 2.6 Agree to use New Growth Point funding as detailed in the financial comment at section 7.

3.0 SUMMARY

3.1 In response to the recession, the HCA and the Council through the Housing & Regeneration Partnership (comprising the Council, Advantage West Midlands (AWM) and the HCA) are trying to stimulate the provision of affordable housing in the Borough by developing a Small Sites Programme. The Council will participate by including a number of Council owned sites in the Programme. Authorisation is needed to both dispose of these sites and also to dispose at nil value. The Programme is anticipated to deliver some 200 affordable housing units in the first instance. A development partner – likely to be a Registered Social Landlord (RSL) – will be procured in order to deliver the Programme.

4.0 INFORMATION

4.1 Recent information has shown a lack of affordable housing being built in the Borough. The Housing & Regeneration Partnership is trying to stimulate provision by developing a programme of small sites for affordable housing. A number of Council and HCA owned sites will be offered to a development partner.

4.2 It is anticipated that the Programme will run over 2-3 years. It is proposed that approximately 10 sites are put forward for the Programme (which will include 5 sites already identified by HCA), these will be of varying sizes and capable of accommodation of between 10 and 50 housing units which would deliver in the region of 200 affordable units in total. A mix of tenures and sizes would be agreed for each site. Quality and design standards will be agreed for the Programme and in more detail for each individual site.

4.3 The HCA owned sites which have already been identified all have the benefit of outline planning permission. Local people will have the opportunity to comment upon the detailed plans for these sites through the submission of reserved matters planning applications by the RSL. It is envisaged that HCA owned sites would come forward as a first phase of development. A number of Council owned sites have also been identified but they are not as advanced as the HCA sites. Feasibility and technical studies are now underway to assess their viability for inclusion in the Programme. The intention is that the Council would work with the chosen development partner to secure planning permission for its chosen sites.

4.4 The next stage is to procure the development partner. It is likely to involve a two stage process. The first stage will involve inviting Expressions of Interest (EOI). A number, (to be agreed between the Council and HCA), would then be short-listed and invited to submit detailed bids. An important consideration will be the level of National Affordable Housing Programme (NAHP) grant requested by the RSL to

develop the sites. It is anticipated that the development partner would be chosen by November 2009. It will be a requirement for the development partner to consider using local labour and local building firms to supply materials.

- 4.5 The Council will be expected to cover the costs of bringing forward its sites, such as planning and legal fees. It is recommended that a sum of circa £132,000 is made available for the Programme in 2009/10 and 2010/11 from the New Growth Point funding.

5.0 LEGAL COMMENT

- 5.1 Section 2 of the Local Government Act 2000 allows principal local authorities to do anything they consider likely to promote the economic, social and environmental well-being of their area (the “well-being” powers). Use of these powers in this context is consistent with the Council’s Sustainable Community Strategy and also follows guidance on the exercise of the well-being powers.
- 5.2 The Council has the power to dispose of land under section 123 Local Government Act 1972. However, in doing so it is required to achieve the best price it reasonably can for the land, unless consent is first obtained from the Secretary of State for Communities.
- 5.3 The Council is not permitted by virtue of section 25 Local Government Act 1988 to provide financial assistance (a gift of land in this case) for the provision of housing unless consent has been obtained from the Secretary of State. In this particular case it is likely that the financial assistance (in the form of a gift of land) accords with one of the consents issued by the Secretary of State under the General Housing Consent 2005. This consent also applies and meets the requirement for consent under section 123 Local Government Act 1972 for the disposal of the land at nil value.
- 5.4 The joint procurement with the HCA will be made in accordance with the Council’s Contract Procedure Rules and may also be subject to the EU Procurement Regulations.
- 5.5 State aid liabilities have been considered and in this instance subsidising affordable housing may constitute the giving of State aid, but following case law the European Commission have issued a Decision to the effect that clearance need not be sought in respect of aid for, amongst other things, social housing where aid is given in support of the general economic interest. Further advice will be sought on this issue but provisional advice indicates that State aid is unlikely to be an issue in this instance.
- 5.6 Advice will be available from Legal Services as and when required throughout the Programme.

6.0 OPPORTUNITIES AND RISKS

- 6.1 The Programme provides the opportunity to bring forward up to an extra 200 affordable homes over the next 2-3 years.
- 6.2 Careful consideration would need to be given to achieving the right mix of affordable housing on each site to ensure that it maintains a balanced community. Failure to do so could undermine community confidence in the Programme and increase uncertainty for the development partner.
- 6.3 The Council intends to only put forward sites that are granted outline planning permission in order to reduce this uncertainty.

7.0 FINANCIAL IMPLICATIONS

- 7.1 In order to support the Programme the Council will be required to provide land at nil value. The current proposed land parcels do not have any planning permission, however on the assumption that planning would be granted for housing the estimated value of the land, as at June 2009, would be £457k.
- 7.2 In addition to providing the land there will be cost to the Council for bringing the sites forward including feasibility and ecological studies, planning and a contribution to the legal costs incurred by the HCA. This is estimated to be circa £132k and will be met from the New Growth Point capital funding.
- 7.3 These costs do not include land remediation or full geotechnical studies as it is anticipated that the developer partner will meet these.
- 7.4 As highlighted above the Council will contribute to the HCA's legal fees associated with procurement. All other procurement costs will be met by HCA.
- 7.5 It is also expected that the developer partner will secure NAHP Housing grant from HCA to deliver these sites. The Council will not be expected to contribute towards the cost of the residential development.

8.0 ENVIRONMENTAL COMMENT

- 8.1 The Programme will be expected to achieve the former Housing Corporation and Building for Life standards. It is envisaged that these requirements will deliver high quality schemes

9.0 WARD IMPLICATIONS

- 9.1 The sites are spread across the Borough to give as much local choice as possible.

10 CONCLUSION

- 10.1 The establishment of the new Housing & Regeneration Partnership with, (comprising the Council, the HCA & AWM) has provided the opportunity to work collaboratively on these types of initiative. This Programme is one of the first of its type being progressed by HCA and a local authority and illustrates the strength and delivery commitment of the new Housing Partnership. It also provides an early opportunity identify and test some of the issues that will need to be considered if the Partnership wish to establish a wider ranging Joint Venture Company or Local Delivery Vehicle to address market and affordable housing delivery in the future.
- 10.2 The current recession has led to a significant reduction in construction development across the Borough. The Programme will help to redress the shortfall in housing provision.
- 10.3 The Programme, in addition to providing high quality housing, will also provide opportunities for local employment and support for the local economy.

Report prepared by Katherine Kynaston, Head of the Integrated Housing Project and David Sidaway Head of Asset & Property Management