

## ROTHERHAM BOROUGH COUNCIL – REPORT TO CABINET

1.	<b>Meeting:</b>	<b>Cabinet</b>
2.	<b>Date:</b>	<b>21 May 2014</b>
3.	<b>Title:</b>	<b>Disposal of 4 HRA Sites to Arches Housing Association to enable affordable housing development</b>
4.	<b>Directorate:</b>	<b>Neighbourhoods and Adult Services</b>

### 5. Summary

This report is seeking Cabinet approval for the freehold disposal of 4 Housing Revenue Account sites to Arches Housing Association. The sites are located at:

- St Mary's Ave/ Church Lane, Catcliffe
- Catherine Ave, Aston
- Brameld Road, Swinton
- Brookfield Ave, Swinton

Subject to approval, the sites will be developed by Arches Housing to provide 35 new affordable homes. Of these 17 units will be bungalows for older people and 2 are "Disabled Person Units (DPU's), which are larger bungalows suitable for families with a disabled family member. The Council will receive 100% nomination of residents from the Council waiting list, in perpetuity for all the new homes.

The proposal requires a grant allocation (subject to a successful bid outcome from the National Affordable Homes Programme) from the Homes & Communities Agency (HCA), private finance from Arches and Section 106 Commuted sums from the Council, to enable delivery of the more costly mobility standard bungalows and DPU's.

The estimated development cost of the 35 units across the five sites is £3,780,000 (£3.7 million).

To enable the developments to proceed, Arches Housing require the land to be transferred from the Council at £5,000 per plot. This is in line with previous land transfers by the Council to Housing Associations.

### 6. Recommendations

**Cabinet approve the freehold disposal of 4 Housing Revenue Account sites to Arches Housing Association for £5,000 per plot, enabling 35 affordable homes to be built**

## 7. Proposals and Details

### 7.1 Background

Increasing the number of affordable homes is a key priority as outlined in the Housing Strategy 2013 to 2043 as there is unmet demand across the Borough. In particular there is a growing need for more homes for older people. The most sought after housing type for this group are 2 bedroom bungalows. The Borough average number of bids for 2 bedroom bungalow is 50.

The HCA opened the bid round for the 2015/18 Affordable Housing Programme in March 2014. Bids for funding need to be submitted to the HCA by 30th April 2014, to be considered for a grant allocation, this gives very little time to develop and consult on schemes. 80% of the national affordable housing fund is planned to be allocated through this round. The remaining funds will be allocated after April, through a continuous market engagement process, in which submissions will be considered whilst funds remain unallocated. Therefore to stand the very best chance of having a successful bid, schemes must be submitted by the 30<sup>th</sup> April and be designated as “firm” schemes. In a competitive process this means the more deliverable schemes offering value for money, are the more likely to receive funding.

### 7.2 Proposal

Arches Housing Association have been working with the Council over the last few weeks to develop a bid proposal. In doing this they have assessed a number of sites available for development within the Housing Revenue Account. They are proposing to develop 4 sites for affordable housing. An initial viewpoint from Planning Services colleagues has been obtained which confirms the sites are appropriate for residential development. The Council has encouraged Arches to develop 17 bungalows and 2 DPU's on the sites to meet older person housing needs.

Arches Housing propose to build the housing units detailed below;

Site	No. & type of units
Brameld Road, Swinton, S64 8HJ	Total 26 units 2 x 3 bedroom houses, 12 x 2 bedroom houses, 10 x 2 bedroom bungalows, 1 x 2 bedroom Disabled Person Adapted bungalow, 1 x 4 bedroom Disabled person adapted bungalow
Brookfield Ave, Swinton, S64 8QL	2 x 2 bedroom houses
St Mary's Ave/ Church Lane, Catcliffe, S60 5TN	3 x 2 bedroom bungalow
Catherine Ave, Aston, S26 4RO	4 x 2 bedroom bungalows for social rent

Ward Members have been consulted on the scheme proposals and are supportive of the developments. Corporate Strategic Asset Management have also been

consulted in relation to the 4 sites being considered for disposal and are supportive of the proposal.

### **7.3 Benefits of the New Housing Development**

- The proposed developments will bring much needed Affordable Housing into the borough.
- The developments have a strong focus on accommodation for older people and much needed specially adapted disabled person units
- There will be external investment of approximately £3,780,000 (£3.7 million) of which £630,000 will be grant funding from the HCA.
- All units will be built to Code for Sustainable Homes Level 3 and to Lifetime Homes standards (making them accessible and adaptable to different needs).
- All units will be affordable housing units for affordable rent. RMBC will receive 100% nomination rights on lettings in perpetuity.
- The affordable housing will be occupied by summer 2016 and generate approximately £328,650 of New Homes Bonus, over a six year period

In addition to the Aches proposal the Council is currently working with 2 other Housing Associations, assisting them with bids to the National Affordable Housing Programme fund. These will be the subject of further reports when schemes are worked up.

Also for the first time the Council has the opportunity to bid for National Affordable Housing grant funding and will be making an application to the HCA for help to fund new Council Housing at Barbers Avenue Rawmarsh and a site in Kilnhurst.

### **8. Finance**

In recent years the Council has negotiated a minimum transfer value of £5,000 per plot for affordable housing. Recent guidance from the HCA has advocated that land is transferred at NIL value. However, Arches Housing will pay £5,000 per plot for these sites giving a capital receipt of £175,000.

The total open market value of the 4 sites is £270,000. (Confirmed by the Council's Land & Property Team) Therefore the discount equates to £95,000.

The individual value of each site is:

Brameld Road = £160,000

Brookfield Ave = £ 35,000

St Mary's Ave = £ 25,000

Catherine Ave = £ 50,000

A discounted land transfer will be compensated by the generation of approximately £328,650 of New Homes Bonus. There will also be some savings on the cost of maintaining the sites.

## **9. Risks and Uncertainties**

- If the land transfer does not take place Arches Housing will forfeit the right to bid for HCA grant funding for Rotherham.
- The sites may remain vacant for the foreseeable future and the opportunity to build affordable Housing is delayed or lost.
- If the sites are sold on the open market then the opportunity to provide affordable housing and particularly bungalows will be lost. There is a shortage of affordable housing across the borough and particularly high demand for two bedroom bungalows.
- Arches Housing are already taking pre-application advice from Planning colleagues and are prepared to proceed with the planning applications at their own risk
- Reputational and relationship damage with HCA if the Council does not offer sites to Registered Provider partners to enable the delivery of Affordable Housing via the Affordable Housing Programme.

## **10. Policy and Performance Agenda Implications**

This proposal is making effective use of available assets and managing them to best effect. It contributes to the sustainable neighbourhoods' agenda and will help deliver better choice and quality of housing to the community through the redevelopment of a previously cleared site.

These key investment themes align with the Council's corporate priorities of:

- Making sure that no community is left behind
- Helping to create safe and healthy communities
- Ensuring care and protection are available for those people who need it most
- Providing quality education, ensuring people have the opportunity to improve their skills, learn and get a job
- Improving the environment

Through the effective use of Council assets, in this case land assets and the partnership arrangements with the lead RP and the HCA the Council is delivering affordable and much needed housing provision to clear standards of both quality and cost, by the most effective and efficient means available and so demonstrating value for money

## **11. Background Papers and Consultation**

- Housing Strategy 2013 to 2043

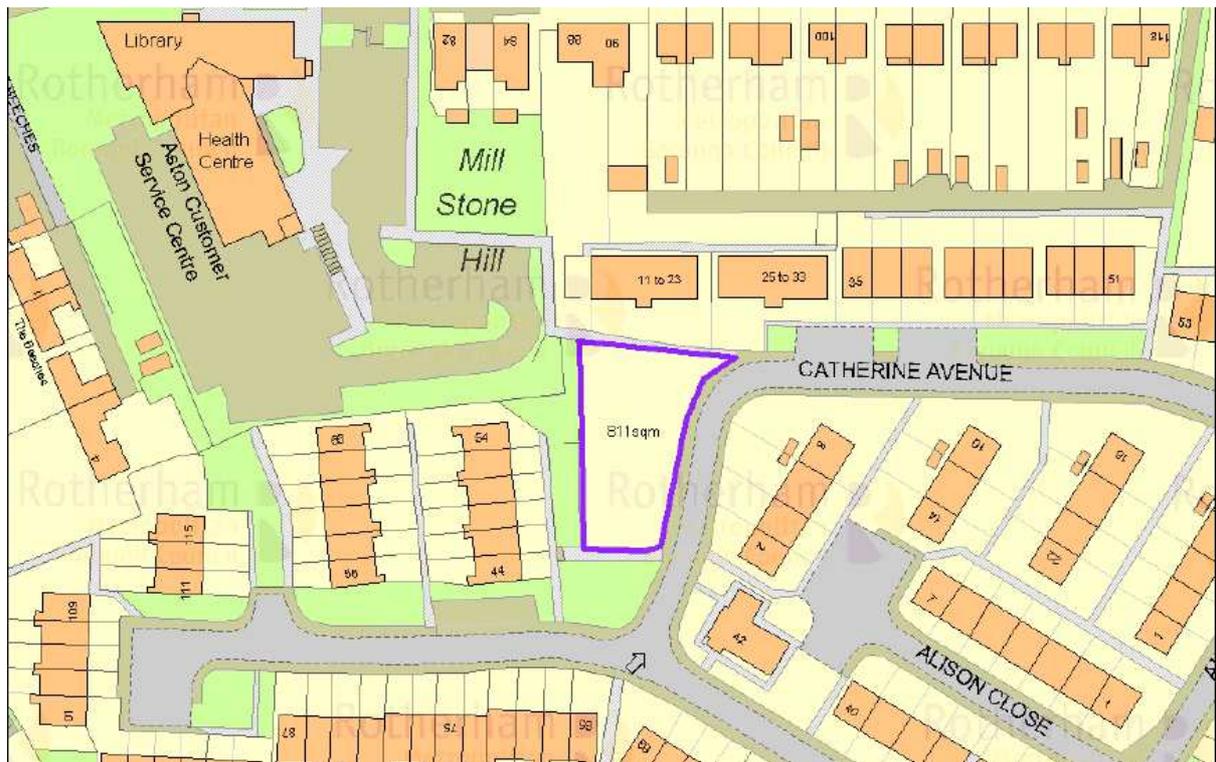
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Appendix A - Brameld Road, Swinton



# Appendix A – Catherine Ave, Aston



# Appendix A

## Brookfield Avenue, Swinton

