

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Cabinet
2.	Date:	26th November, 2014
3.	Title:	Disposal of land at Aston Close to Great Places Housing Association to enable Affordable Housing Development (12 units).
4.	Directorate:	Neighbourhoods and Adult Services

5. Summary

This report is seeking Cabinet approval for the freehold disposal of a Housing Revenue Account site located at Aston Close, Aston to Great Places Housing Association.

Subject to approval, the site will be developed by Great Places Housing to provide 12 new affordable homes. Of these, 8 units will be two bed houses and 4 units will be three bed houses. The Council will receive 100% nomination of residents from the Council waiting list, in perpetuity for all the new homes.

Great Places Housing Association has secured £176,000 of grant funding from the Homes & Communities Agency (HCA) to support the scheme. They will utilise approximately £624,000 of their in house finance to build the new homes. The estimated total development cost of the 12 units is £800,000.

To enable the development to proceed, Great Places Housing requires the land to be transferred from the Council at £5,000 per plot – total consideration £60,000. This is in line with previous land transfers by the Council to Housing Associations and complies with the HCA requirement that land should be transferred at either NIL value or a nominal value as a condition of the grant funding allocation. Discounted land is in effect the Council's contribution to the Affordable Housing scheme.

6. Recommendations

That Cabinet approve the freehold disposal of HRA land at Aston Close, Aston (Appendix 1) to Great Places Housing Association for a total consideration of £60,000 on the basis that the Council receives all of the benefits detailed in this report.

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. The area receives a high number of bids for 2 and 3 bed Council houses. In particular, there is a need for 2 bed houses in the area. (*The Affordable Housing Needs Area Profile (2012-13)*).

Great Places Housing Association received grant funding to part fund an 18 unit Affordable Housing Development in Sheffield. However, this scheme has stalled and will not be built out. The HCA have allowed the funding to be re-profiled and used in Rotherham to support the scheme at Aston Close. A condition of obtaining grant funding is that Council owned land is transferred to Housing Associations at NIL or nominal values and £5,000 per plot is the nationally recognised standard amount. Therefore Cabinet approval is sought to transfer the land to Great Places Housing Association at £5,000 per plot to enable this wholly Affordable Housing scheme to be brought forwards

The HCA is keen to bring in schemes with a start before the end of the year. Consequently, planning permission needs to be submitted by mid-September to enable a start on site by the end of December.

7.2 Proposal

Great Places Housing Association has been working with the Council over the last few weeks to assess a number of sites available for development within the Housing Revenue Account. They are proposing to develop a site at Aston Close, for 12 affordable housing units. A planning application was submitted to the Local Authority on 9th September 2014. All 12 new homes will be available at Affordable Rent levels.

Ward Members have been consulted on the scheme proposals and are supportive of the development. Corporate Strategic Asset Management has also been consulted in relation to the site being considered for disposal and they are supportive of this proposal.

7.3 Benefits of the New Housing Development

- The proposed development will bring much needed Affordable Housing into the borough – particularly in the south of the borough where delivery rates have been lower than in the north of the borough.
- There will be external investment of approximately £800,000 of which £176,000 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 and the properties will be advertised through the Council's Choice based lettings system.
- The affordable housing will be occupied by summer 2016 and generate approximately £118,358 of New Homes Bonus, over a six year period.

7.4 Next steps

- Submit and secure planning permission by November/ December.
- Undertake site investigations and develop scheme proposals.
- Start on site by the end of December 2014/ January 2015.

A detailed planning application has been submitted by Great Places Housing Association, at their financial risk.

Prior to development, Great Places Housing Association will acquire the Aston Close site. The Council will instruct Heads of Terms and a licence to enter and carry out works in advance of legal completion should this be necessary..

The Council has agreed that all the homes will be made available as rented tenure. Provisional start and completion dates have been agreed with Great Places Housing Association. On completion of the new homes RMBC will receive 100% nomination rights on lettings. The properties will be advertised for rent via the Key Choices. The 12 Affordable Housing units will be completed by spring 2016.

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, Great Places Housing will pay £5,000 per plot for the site giving a capital receipt of £60,000.

The total open market value of the site is £90,000. (Confirmed by the Council's Land & Property Team) Therefore the discount equates to £30,000.

A discounted land transfer will be compensated by the generation of approximately £118,358 in New Homes Bonus. There will also be some savings on the cost of maintaining the site.

9. Risks and Uncertainties

- If the land transfer does not take place Great Places Housing will forfeit the right to bid for HCA grant funding for Rotherham.
- The site may remain vacant for the foreseeable future and the opportunity to build affordable housing is delayed or lost.

- If the site is sold on the open market then the opportunity to provide affordable housing will be lost. There is a shortage of affordable housing across the borough and high demand for two bedroom houses
- Great Places 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 scheme aligns with the Housing Strategy 2012-42 (Part 1: 2012/15). Commitment 1 “We will increase the supply of affordable rented housing in Rotherham”. There are still 15,000 applicants registered on the Key Choices waiting list, and new developments are critical to meeting some of this demand.

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 development of new housing

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 1

