

Report to: Cabinet

Date: 28 October 2019

Title: Housing Development Update

Report of: Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning

Cabinet member: Councillor William Meyer, Cabinet member for housing

Ward(s): Newhaven Denton and Meeching, Newhaven Valley, Ouse Valley and Ringmer, Lewes Bridge, Lewes Castle, Lewes Priory.

Purpose of report: To gain approvals for a new sustainable Council housing project and to amend plans for ongoing housing developments schemes, ensuring they have a focus on sustainable design and delivery.

Decision type: Key

Officer recommendation(s):

- (1) To note and approve the updated Lewes Town & Ringmer Council Housing Infill programme, as laid out in appendix 1, subject to a final costed plan being approved by Cabinet.
- (2) To approve an in principle programme of Council housing on infill land in Newhaven, as laid out in appendix 2, subject to a final costed plan being approved by Cabinet.
- (3) To note the updated development scheme at Anchor Field, Ringmer
- (4) To approve the sale of HRA land to Aspiration Homes LLP (AHLLP) for the construction of 11 affordable rented homes at Anchor Field, Ringmer and associated loan to deliver the affordable housing. The delegations for the sale of HRA land and loan facilities are as contained in the Cabinet report of 23rd April 2018 entitled "Housing Development Update".

Reasons for recommendations: The overarching reason for the recommendations is to maximise the Council's ability to provide affordable housing within the District, partly through the full utilisation of receipts received from Council homes sold under the Right to Buy.

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1 Introduction

- 1.1 The background to the Council's responsibility to supply affordable housing and the reasoning behind selling land to AHLLP are covered in a Cabinet Report of 23rd April 2018 entitled "Housing Development Update". There was an appendix to the report that identified various housing development programmes including the Lewes & Ringmer Infills Programme and the development at Anchor Field.
- 1.2 A further programme of new Council homes being delivered on infills sites is now also ready to be progressed.

2 Proposals

2.1 *Lewes and Ringmer Infill Programme (Infills Phase 2)*

The Council's second phase of Infill developments for Council housing was outlined in the January 2018 and April 2018 Cabinet Reports entitled "Garage Sites Redevelopment Phase 2" and "Housing Development Update". During the period since then, a main contractor has been appointed and worked upon the feasibility of developing the sites, which has taken much longer than was originally anticipated. There were originally 9 sites approved for progression by the Cabinet, of which:

- Three remain with very good potential for development and will be put forward for local consultation and planning applications submissions during the autumn 2019.
- One site remains available for a community led housing scheme
- Two sites are being reviewed as also being made available for community led housing schemes
- Three sites have been removed from the programme, assessed as being unfeasible

The April 2018 report approved a plan to sell the above sites to AHLLP to develop, however national changes the borrowing capacity of the Council's Housing Revenue Account (HRA) now mean that it is more financially viable to

develop these homes within the HRA. There is also now a more rigorous requirement from LDC for its new homes to be sustainable, both in the way they are constructed and through the long-term use of the buildings.

Further details of the changes to the Infills Phase 2 programme can be found in appendix 1.

A report will be brought back to Cabinet with the fully costed programme with planning permission for final approval, which would include details of whether the programme would take place within the HRA or AHLLP.

2.2 *Newhaven Infill Programme (Infills Phase 3)*

Further to Infills Programmes 1 and 2, a programme of infill sites has been identified within Newhaven.

Due to the changes that occur in the evolution of a development, the April 2018 Cabinet Report proposed that the Infills Programme Phase 2 would come back to Cabinet for final approval prior to construction taking place. Therefore the programme for the Infills Phase 3 has similarly been planned to also come back to Cabinet following the design work, local consultation, planning approvals and a procurement costings process being completed. The full cost of this work is estimated to be up to £100,000 on phase 3 (covering surveys and consultants fees) which will be paid for from the HRA development feasibility budget, previously agreed by Cabinet – although these costs could be significantly reduced if one or more sites are found to be unfeasible at an early stage. These costs have already been factored in total project viability assessments. As above, a new report would then be presented to Cabinet with the fully costed programme with planning permission for final approval, which would also include details of whether the programme would take place within the HRA or AHLLP.

The most recent Council requirements for new homes to be sustainable in the way they are constructed and in the long term use, will be a significant factor in the design and procurement of the new Council homes.

Further details of the Infills Phase 3 programme can be found in appendix 2

2.3 *Anchor Field, Ringmer*

A Cabinet Report in July 2018 was approved to use Council land holdings in the delivery of a wider project of enabling new housing and community sports facilities within Ringmer. At the time a specific mechanism of disposing of land in exchange for affordable homes was envisaged, although an amendment to the report was added by Cabinet to delegate authority to the Director of Regeneration and Planning to agree changes to the structure of the deal as necessary.

The previously planned scheme brought forward by a third party developer was for 96 new homes, including 26 affordable homes. Due to planning restrictions the scheme was reduced to 77 new homes, including 23 affordable homes, 12 of which could be delivered off site via a commuted sum.

Independent valuations have been carried out on all LDC plots of land being disposed of to ensure that the Council will receive market value. A further plot of land is being retained for the construction of 11 affordable rented homes that was given a residual land value of Nil (£0) based upon the achieved planning permission. As outlined in the July 2018 Cabinet report, the affordable housing plot will be sold to AHLLP for the development and future management of the new homes.

In addition to delivering 11 affordable rented homes and the sale of land and access rights for the development of market homes, LDC's involvement in the wider project includes working with Ringmer Parish Council to deliver a new skate park.

3 Outcome expected and performance management

- 3.1 As further feasibility work has been undertaken on the Infill Programme Phase 2 it is now clearer how many of the sites will be feasible to develop. It is expected that a smaller number of sites will now be delivered. Once some of the Council homes are given approval, following planning permission, they will have milestones and completion targets set up through the Corporate performance monitoring procedure.
- 3.2 The Infill Programme Phase 3 will be progressed through design, consultation, planning and construction procurement, with feasible sites being brought back to Cabinet for approval for construction.
- 3.3 The plot of land designated for affordable housing at Anchor Field forms part of a wider project with many interdependent transactions. The Council is now contractually obliged to deliver the 11 affordable rented homes on the land, subject to a large number of other transactions taken place by both the Council and other parties. It is expected that the affordable housing land will be sold to AHLLP for a nil receipt and developed as part of the wider residential development.

4 Consultation

- 4.1 Initial consultation with local residents, Ward and Town Councillors has taken in December 2017 to April 2018 on Phase 2 Infill Sites, with further consultation on some sites expected by the end of 2019.
- 4.2 Newhaven Town Council has been presented with an outline of the Phase 3 Infills Programme in early 2019, and local resident consultation is planned following the approval of this report.
- 4.3 Extensive consultation has been undertaken on the wider project at Anchor Field, with public meetings and close working with the Parish Council. Further consultation is planned to progress plans for the new skate park.

5 Corporate plan and council policies

- 5.1 The overall outcomes of these projects support the Cabinet's Corporate Policies

to address:

- “Sustainability and Climate Change” The Infills Programme Phases 2 and 3 will have significant sustainability features design in the fabric and procurement low carbon energy.
”Affordable Housing” – All three projects highlighted in the report are bring forward affordable rented homes that will be directly managed by the Council for local people in need.
”Community Wealth Building” – The changes to Infills Phase 2 allow more opportunities for sites to be developed as community led housing projects, and Infills Phase 3 will prioritise local employment requirements in the construction of the new homes.

6 Business case and alternative option(s) considered

6.1 The summary of development appraisals for both Phase 2 and 3 of the Infill programmes will be included with future Cabinet Reports submitted for final construction approval.

6.2 A number of options for disposing of Infill sites have been considered, including the disposal of them to community led housing groups. This route had already been highlighted in a previous Cabinet Paper for The Lynchets garage site, and now 2 further sites are being considered. The remaining feasible sites, outlined in Appendix 1 are able to be delivered sooner directly by the Council.

LDC have begun to promote and assist several community groups who have the desire to build affordable housing within their local area. This includes work with the Lewes Community Land Trust who are working with LDC to develop their business case to build at least 5 affordable homes, and the Ringmer Community Land Trust on the development of 4 affordable homes on a rural exception site. There is also work underway to support the development of 4 other affordable housing sites with community groups.

6.3 The Business case for the delivery of the Anchor Field project is outlined in the Cabinet Report of 1st July 2018.

7 Financial appraisal

7.1 *Lewes & Ringmer Infill programme:* The proposal for infills sites to remain and be developed for housing within the HRA, rather than being sold to AHLLP will be subject to a final costed plan that will be approved at a later date by Cabinet. Therefore there are no financial implications to highlight at this stage.

7.2 *Newhaven Infill programme:* The recommendation to design and apply for planning permission for new homes can be approved within the Development Feasibility Budget and a fully cost plan will be approved at a later date by Cabinet. Therefore there are no financial implications to highlight at this stage.

7.3 *Anchor Field* – The LDC Capital programme contains a budget for a loan provision to AHLLP and the terms of that agreement were set out in the Housing Development Update Cabinet Report April 2018

8 Legal implications

8.1 Infill programmes

Legal implications will depend on whether the housing is developed within the HRA or disposed of to AHLLP and developed by that entity. Legal advice will be provided on an ongoing basis and legal implications included in the Cabinet report once a development route is confirmed and costings are coming back to Cabinet for final approval.

Disposal of land at Anchor Field from HRA to AHLLP

Section 32 of the Housing Act 1985 requires the Secretary of State's consent for the disposal of land held for the purposes of that Act (i.e. HRA land). The General Housing Act Consents 2013 apply to the disposal of land under Section 32.

Consent A3.2 of the General Consent enables the Council to dispose of vacant land. "vacant", in this context means land on which (a) no dwelling houses have been built or (b) where dwelling-houses have been built, such dwelling houses have been demolished or are no longer capable of human habitation and are due to be demolished. The Council can therefore dispose of the land at Anchor Field to AHLLP pursuant to the General Consent.

Further legal advice will be obtained in relation to the terms of any loan agreement from the Council to AHLLP.

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9 Risk management implications

9.1 The following risks associated with these projects have been identified:

- If the development of new Council housing on the projects does not go ahead there is danger that the Council will not be meeting their priorities around delivering affordable housing (Strategic Risk) **Mitigation: sites for possible residential developments constantly being monitored.**
- Build material costs could rise above current build estimates following uncertainty over Brexit (Project Risks). **Mitigation: A new feasibility assessment will be carried out prior to schemes coming to Cabinet for construction approval.**

10 Equality analysis

10.1 An equality impact assessment has been undertaken and has not identified any equality impacts.

11 Sustainability implications

- 11.1 The two infills programmes will undergo a full review sustainability features, both for the construction and usage of future residents.
- 11.2 The acquisition of affordable homes at Anchor Field, Ringmer is part of the wider scheme planning requirement, designed and built to be the same as the adjacent market homes. The planning requirement will ensure that all homes are built with a fabric first approach to energy saving. The scheme will also have as low carbon energy generation, and electric car charging points.

12 Appendices

- Appendix 1 – Lewes & Ringmer Infills Updated Programme
- Appendix 2 – Newhaven Infills Programme

13 Background papers

The background papers used in compiling this report were as follows:

- January 2018 Cabinet Report - Garage Sites Redevelopment Phase 2
- April 2018 Cabinet Report - Housing Development Update
- July 2018 Cabinet Report – Anchor Field, Ringmer