



**Report Reference Number: E/18/10**

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**To:** Executive  
**Date:** 12<sup>th</sup> July 2018  
**Status:** Key Decision  
**Ward(s) Affected:** All  
**Author:** Chris Kwasniewski, Housing and Regeneration Manager  
**Lead Executive Member:** Councillor Pearson, Lead Executive Member for Housing, Health and Culture  
**Lead Officer:** Dave Caulfield, Director of Economic Regeneration and Place

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**Title:** Housing Development Programme Progress Report

**Summary:**

This report is an update for the Executive on the current status and progress of the Housing Development programme following its approval in January of this year. It seeks approval to declare a small site surplus to requirements and seeks approval for the method of disposal for Edgerton Lodge and Barlby Road Depot with associated delegations to be able to proceed swiftly with these matters.

**Recommendations:**

The Executive is requested:

1. To note progress that is being made on the Housing Development Programme and to declare the additional phase 2 small site (land adjacent to the George and Dragon West Haddlesey) surplus to operational requirements.
2. To approve the disposal of the Edgerton Lodge site based on the Terms and method outlined in paragraphs 2.12-2.14 of this report and to delegate authority to the Director of Economic Regeneration and Place, in consultation with the Chief Finance Officer and portfolio holder for Finance and Resources to secure the most advantageous offer for the site subject to ensuring that the site delivers housing and market value is achieved.
3. To approve the disposal of the Barlby Road depot site for commercial development and delegate authority to the Director of Economic Regeneration and Place, in consultation with the Chief Finance Officer and the portfolio

holder for Finance and Resources, to dispose of the site by either open market sale or sealed bids, subject to ensuring that best consideration is achieved including securing outline planning consent prior to disposal if required.

## **Reasons for recommendations**

To continue to deliver the Housing Development Programme approved by the Council.

### **1. Introduction and background**

- 1.1 The revised Housing Development Programme was approved by the Executive on the 4<sup>th</sup> January 2018 based on investment of over £22 million to provide 207 homes for the Council and Selby and District Housing Trust (SDHT) by March 2020 – including 20 completed homes at Eggborough, Byram and Tadcaster.
- 1.2 Since then progress has been made in delivering this revised programme with key schemes now on site and the next phase of smaller sites due to be procured in the next two months on a design and build basis with no commitment to enter into construction contracts until Detailed Business Cases have been approved. This report updates the Executive on the progress that is being made to deliver the various pillars of the Programme.

### **2. Progress on the Housing Development Programme.**

- 2.1 The approved HDP had three delivery pillars or stands:
  - SDC owned small sites
  - SDC owned large sites
  - Acquisitions – both s106 and site acquisitions
- 2.2 A draft Programme for the delivery of the Phase 2 small sites and larger sites in the Council's ownership such as Portholme Road and Edgerton Lodge is attached for information at Appendix A for information.

### **Small Sites Programme**

#### **Previous approvals**

- 2.3 In October 2015 the Council's Executive approved the principle of releasing 13 small sites owned by Selby District Council for the development of affordable housing as part of the HRA and the Selby and District Housing Trust's Programmes.
- 2.4 Of the original list of sites approved in October 2015, the following sites have now been **excluded** from the revised HDP for the reasons indicated.

SITE	ASSUMED CAPACITY OCTOBER 2015	REASON FOR EXCLUSION
Barley Horn Road, Ulleskelf	2 x 2 bedroom bungalows. SDHT	Restrictions on the size of the site available means that this is better promoted as a self-build or market sale opportunity
Site 2 Barff View, Burn.	3x 2 bedroom bungalows. HRA	Discounted as a result of existing tree cover on the site, the presence of an existing pumping station and existing car parking issues
Kelcbar Close, Tadcaster	3 x 2 bedroom bungalows. HRA	Poor access, level differences.
Moor Lane, Sherburn	2 x 2 bedroom bungalows. HRA	Poor access; level differences causing potential overlooking issues; on street car parking issues
Westfield/Wharfedale Crescent, Tadcaster	3 x 2 bedroom bungalows SDHT	The garages are well used adjacent to existing allotments. Highways have advised that the existing access is too narrow to support new development and this issue is compounded by existing on street parking

2.5 The revised small sites Programme approved in January of this year is now being progressed in three phases

Phase 1 Sites under construction:

1. *Landing Lane Riccall* (SDHT) scheme (5 units) – **on target for completion in September 2018**
2. *Byram Park Road, Byram* (HRA) scheme (13 units) is on site – **on target for completion January 2019**

**£468,000 grant funding** from Homes England's Shared Ownership and Affordable Housing Programme has been secured to contribute towards the cost of constructing these 13 homes. The Tranche 1 (start on site) payment of

**£351,000 has been received in June 2018** with the Tranche 2 (completion) payment of **£117,000 due in January 2019**.

Phase 2 sites, due to start on site in 2018/19

2.6 The table below shows Phase 2 sites that are currently being progressed for development as a result of initial conversations with the Head of Operational Services, Legal Services and Development Management. Due diligence is being finalised and the assumptions in the table below could be subject to change.

2.7 At this stage the Selby and District Housing Trust have expressed an interest in developing family housing on the Highfield Villas, Sherburn-in-Elmet site and the site at Station Road Hambleton. The remaining properties will be considered for HRA development, all subject to Executive approval of detail business cases.

Programme Year	Scheme Address	Approx No Units	Potential Type & Mix	Stage	Contract Type
2018-21	<b>Sherburn</b> Highfield Villas North Crescent Beechwood Close/Eversley Avenue	15	9 2/3 bedroom family homes; 6 bungalows	Feasibility	JCT D&B
2018-21	<b>Station Road, Hambleton</b>	4	4 2 bedroom houses	Feasibility	JCT D&B
2018-21	<b>Barff View, Burn</b>	8	8 x 2B Houses	Feasibility	JCT D&B
2018-21	Land adjacent to the George & Dragon Site, West Haddlesey	4	4 x 4B houses	Feasibility	JCT D&B
	<b>Total Units</b>	<b>31</b>			

- 2.8 The sites highlighted in bold form part of the Programme approved in October 2015. The site adjacent to the George and Dragon at West Haddlesey requires approval to be declared surplus to requirements.
- 2.9 At this stage we are planning to procure the development of all 6 sites in one exercise using a Design and Build contract via an Efficiency North framework. The three Sherburn sites are likely to be programmed first as £18,750 grant funding from the West Yorkshire Combined Authority One Public Estate 'Small Sites Programme' has already been secured to contribute towards site clearance works. Although the development of these sites will be challenging due to their scale and location, it is expected at this stage that cost of constructing the properties will come within the budget envelope for the Housing Development Programme approved by the Executive in January 2018.
- 2.10 In preparing Detailed Business Cases due diligence on issues such as Title and service provision and feasibility work on the design of schemes will need to be undertaken which will be funded from the P4G Feasibility Budget approved by the Executive in January of this year.

Phase 3 sites – indicative potential subject to further due diligence

- 2.11 Feasibility work has also commenced on the sites identified in the table below. Subject to further due diligence these sites could be added to the Programme in late 2018 with a view to securing a start on site in the summer of 2019. A report is scheduled for approval of the Phase 2 and 3 Detailed Business Cases by the Executive in October 2018. This timescale will keep the Programme on track to enable the construction of the first properties to commence in this financial year.

<b>SITE</b>	<b>POTENTIAL CAPACITY</b>	<b>STATUS</b>
Fir Tree Crescent, Tadcaster	2 family homes	Included in the HRA Programme as part of the October 2015 Executive approval
Oaklands Crescent, Camblesforth	4 family homes	Included in the SDHT Programme as part of the October 2015 Executive approval
Main Street Kellington	3 x semi-detached houses; plus one bungalow	Will require approval to be released for development
Beech Grove, Burton Salmon	4 bungalows/2 family homes	Included in the SDHT Programme as part of the October 2015 Executive approval
Turnhead Crescent, Barlby	2 family homes	Will require approval to be released for development
Grange Road,	2 family homes	Will require approval to

Camblesforth		be released for development
Cathcart Close, Whitley	3 family homes	Will require approval to be released for development
Dixon Court/Dixon Gardens/Bright Walk, Selby	Up to 4 family homes	Will require approval to be released for development
<b>Indicative Phase 3 total</b>	<b>Up to 28 homes</b>	

### SDC Large Sites Programme

2.12 **Edgerton Lodge** - due diligence on the Edgerton Lodge site has been completed, subject to further discussions with Planning regarding the design of potential schemes .

2.13 The type of properties that are likely to be developed on this site will not be suitable for the HRA and the Indicative Programme attached in Appendix A is based on a preferred approach for the Council to enter into an agreement with a private sector development partner to develop the site on a joint venture basis. As a first stage the Housing and Regeneration Team has sought Expressions of Interest in developing the site on a joint venture basis for housing purposes.

2.14 Following soft market testing and an 'open day' three SME developers have expressed an interest and been invited to submit detailed proposals to the Council to develop the Edgerton Lodge site which are likely to include:

- A financial offer to purchase the site at market value, including details of any Staged Payments;
- Detailed proposals to develop the site for housing purposes based on pre-application discussions that have been held with Development Management and highways;
- A detailed Programme for the development of the site;
- Proposals for a profit share arrangement with the Council;
- Details of how the developer intends to work with the Selby and District Housing Trust to deliver affordable housing on the site (if appropriate)

The expressions of interest will be evaluated and subject to due diligence and will need to fit with the Council's corporate objective of making Selby a great place to live by delivering high quality housing. The financial appraisal will ensure that we strike an appropriate balance between maximising the return to the Council and minimising any risks of joint working.

2.15 **Former Barlby Rd depot** - following discussions with Development Management and the Environment Agency the Barlby Road depot site has now been withdrawn from the Housing Development Programme, due to flooding constraints. Although flood mitigation measures could have been designed these would have been unviable to implement.

- 2.16 As a result, Members are requested to delegate authority to dispose of the site for commercial development to the Director of Economic Regeneration and Place, in consultation with the Chief Finance Officer and the Lead Councillor for Finance and Resources, by either open market sale or sealed bids, subject to ensuring that best consideration is achieved.
- 2.17 One option being considered to maximise the value of the site is for the Council to clear the site and secure an outline planning consent to develop it for commercial purposes, prior to it being marketed. This option will be explored and pursued if it represents the best financial option.

#### Acquisitions

##### **Section 106 Acquisitions**

- 2.18 The revised HDP approved in January 2018 assumed the acquisition of 75 Section 106 homes by the Selby and District Housing Trust with loan funding from SDC.
- 2.19 In December 2017 The Council approved a proposal to provide loan funding to the Selby and District Housing Trust to purchase 12 affordable homes on a site at Ulleskelf and discussions are being advanced with the developer, with a loan rate and terms of funding now agreed between SDC and the SDHT.
- 2.20 The Housing and Regeneration Team is undertaking early discussions on behalf of the Trust with a range of developers regarding the potential acquisition of other s106 sites.

#### Off the shelf acquisitions

- 2.21 In addition to these s106 properties, the Trust has completed the acquisition of 12 homes from the developer of the **Ousegate** site in Selby, which are due for completion in January 2019.

### **3. Implications**

#### **Legal Implications**

- 3.1 The new build sites considered as part of this report are owned by Selby District Council. Each site will be assessed to ascertain whether there are any restrictive covenants or other legal issues that would prevent development.
- 3.2 The Council's baseline position will be to secure market value or best consideration for land that is disposed of to third parties. Where sites are disposed of to the Housing Trust, consideration will be given to accepting less than best consideration if it will make schemes viable and deliver social wellbeing by increasing the stock of affordable housing in the District.
- 3.3 The proposed expanded Programme falls within the original remit and

objectives of the SDHT and the Council's own functions - the Trust's main purpose, as set out in the Housing Development Strategy (2013), was to develop new affordable housing-initially on Council owned land.

- 3.4 As the Local Housing Authority, the Council has powers under the Housing Act 1985 to invest in the construction of properties within the HRA. Section 24 of the Local Government Act 1988 also provides the Council (as housing authority) with the power to provide any person with financial assistance for the purposes of, or in connection with, the acquisition, construction, conversion, rehabilitation, improvement, maintenance or management (whether by that person or by another) of any property which is or intended to be privately let as housing accommodation. The making of a loan or disposal at undervalue of land for development to SDHT would fall within this definition.
- 3.5 The Council's investments can be protected by taking a first charge over the Properties acquired or constructed by SDHT.

#### **4.0 Financial Implications**

- 4.1 A proposed budget envelope of £22.385 million to develop the Housing development Programme in the period up to March 2020 was approved by the Executive on the 4<sup>th</sup> January 2018 and by full Council on 22 February 2018.
- 4.2 The SDHT loans element of financing the programme is expected to deliver at least a 2% margin over the Council's own cost of capital and accordingly interest receipts of £140k (average per annum) will be factored into the Council's savings plan (the current target is £88k by 2019/20), although the exact timing and profile of these receipts is still to be determined.
- 4.2 Detailed Business Cases will be prepared and submitted for approval by the Executive in October 2018. Whilst in isolation the build costs on some of the smaller sites may be high, officers will ensure that overall the Business Cases developed for the Phase 2 and 3 sites will be within the budget parameters approved by Council in the following ways:
- Value engineering
  - Adopting a Programme approach to the procurement and development of the sites
  - Increasing the levels of grant subsidy from Homes England or other sources such as the Government's Land Release Fund
  - Exploring with the Selby and District Housing Trust whether they wish to obtain Securing Investment Partner status with Homes England, which would enable the Trust to attract grant funding from the Shared ownership and Affordable Housing Programme
- 4.3 As an example, the Phase 1 site that is being developed for the HRA at Byram Park Road had a budget allocation of £1.612 million in the Programme approved in January. At this stage it is anticipated that the Council will achieve savings of £160,000 on the contract in addition to grant funding of



£468,000 for the project that has been secured by the Council's Housing and Regeneration Team from Homes England's Shared ownership and Affordable Housing Programme.

- 4.4 At Detailed Business Case stage it is anticipated that the schemes must be within the overall budget assumptions for the programme and represent value for money to be approved. Sites that prove to be unviable at this stage will not be recommended for development and if necessary will be replaced by other more viable opportunities such as additional s106 acquisitions, to ensure the delivery of the target number of units within the total programme.
- 4.5 Further feasibility work will need to be undertaken on the Barlby Road Depot site that will be funded from the P4G Housing Development Programme Feasibility budget approved in January 2018. It is anticipated that the disposal of both the Edgerton Lodge and Barlby Road sites will result in a capital receipt for the Council.

## **5.0 Policy and Risk Implications**

- 5.1 The revised Housing Development Programme approved by the Council's Executive on the 4<sup>th</sup> January 2018 was based on the delivery of 207 affordable homes for the Council and Selby and District Housing Trust by March 2020.
- 5.2 The Phase 1 sites are either completed or under construction. Phase 2 sites will be progressed through feasibility and these sites will be subject to further more detailed design work and input from the Council's preferred contractor, there is a risk that individual sites will drop out of the Programme. This has been mitigated by early pre-application discussions and any subsequent removal of sites from the Programme could be offset by accelerating the delivery of the Phase 3 small sites or negotiating additional s106 acquisitions.
- 5.3 The risk of costs increasing above the benchmarks included in the Housing Development Programme approved in January of this year will be mitigated by undertaking detailed design work and due diligence as part of the preparation of detailed business cases

## **6.0 Corporate Plan Implications**

- 6.1 The Housing Development Programme will provide over 200 new affordable homes in the District by March 2020.
- 6.2 This Programme supports the priorities identified in the updated Corporate Plan 2018-20 in the following ways:

### ***To Make Selby a Great Place to do Business***

- Supporting Training and Apprenticeships – a trainee on the Council's Graduate Training Programme is working with the Housing and

Regeneration Team on the Programme and officers will be working with contractors and Selby College to deliver future construction apprenticeships and training opportunities as part of the new build schemes

***To make Selby a Great Place to Enjoy Life***

- The Programme will broaden housing choice for residents in the District
- New Council owned homes will be constructed in the period up to March 2020. Thirteen family homes are under construction at Byram Park Road, Byram
- The Council will work closely with the Selby and district Housing Trust to develop affordable family homes in the period up to March 2020 – 5 family homes are under construction at landing lane, Riccall and are due to be handed over in September 2018.
- The programme will support the policies and objectives outlined in Site Allocations Local Plan
- The programme will pro-actively unlock new housing sites such as Portholme Road in Selby.

**Resource Implications**

- 6.3 The Housing Development programme is being managed by the Council's Housing and Regeneration Team in consultation with the Council's Chief Financial Officer, Solicitor and Head of Operational Services and the Managing Director and Chairman of the Selby and District Housing Trust
- 6.4 A multi-disciplinary team has been established to manage the Programme which meets on a fortnightly basis. The Executive approval in January 2018 authorised the recruitment of a new 3C post to support the development of the HDP, and in particular the development of the Trust's ambitious growth plans. This post is currently being recruited and an officer is expected to be in place by September.

**Equalities Impact Assessment**

- 6.5 The revised Housing Development programme will significantly increase the amount of affordable housing available in the District and will have a major impact on broadening housing choice.
- 6.6 The Programme will also deliver significant construction training opportunities in partnership with contractors and Selby College.

**7.0 Conclusion**

- 7.1 This report updates Members on the progress that is being made on implementing the Housing Development Programme. Members are requested

to authorise a number of Key Decisions to enable the next phase of the Programme to be progressed.

## **8. Appendices**

Appendix A: Revised HDP – indicative programme

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