

**Meeting of the Executive Members for
Housing and Adult Social Services and
Advisory Panel**

11 September 2006

Report of the Director of Housing and Adult Social Services

**Proposed disposal of Housing Revenue Account (HRA) land for
affordable housing development**

Summary

1. This report requests the approval of the Executive Member for the leasehold disposal of two Housing Revenue Account (HRA) owned garage sites to housing associations for the building of new affordable homes. The approval would be conditional on each site obtaining full planning permission for the schemes outlined in this report.
2. The report gives details of the sites and outlines the proposals for their redevelopment. The report highlights any issues that will need to be addressed before the sites can be submitted for planning permission.

Background

3. The need for additional affordable homes in York remains at a very high level. There are over 2,000 households on the housing waiting list and a further 300 on the register for low cost home ownership opportunities. The current supply of affordable housing cannot meet this need and therefore a key role of the council is to 'enable' the building of more affordable homes in partnership with local housing associations and private developers. The Council's Corporate Objectives and new 2006-2009 Housing Strategy prioritise the need to increase the supply of new affordable housing.
4. Each year the Housing Corporation (a government agency) invites housing associations, in full consultation with the local authority, to bid for Social Housing Grant to enable them to build or purchase new affordable homes. In 2006-2008 the Housing Corporation has awarded £6.5m of Social Housing Grant for new affordable homes in York. The two sites described in this report offer the potential to provide up to 18 affordable homes in the city and will be eligible for a proportion of the £6.5m Housing Corporation funding.
5. The two sites have been identified primarily through a series of desk-top feasibility studies and site visits. They will require the relocation if possible of a small number of council garage licensees.

Consultation

6. The Housing Strategy and Enabling team have held preliminary discussions with colleagues in Asset and Property Management and Planning and Sustainable Development for both of the sites. Primarily this was to establish whether the *principle* of developing these sites was acceptable. More detailed discussions will be needed prior to any submission by the housing associations for planning permission.
7. In 2005 the Executive Member visited both of the sites and agreed in principle to further work being undertaken to determine their suitability for affordable housing development.
8. A market analysis of these sites has confirmed they are unlikely to be of interest to a private developer (see paragraph 24 below). Because of this, their open market value is relatively low, and falls within the upper limits per plot set by the Housing Corporation.
9. If the recommendation of this report is approved officers will work with our housing association partners to take forward the detailed discussions and consultations needed prior to planning permission being sought on both of the sites. Information on the proposals has been provisionally added to the agenda's for the relevant Ward Committee in October pending the decision of this EMAP meeting.

Local Ward Members have been informed of the proposals and given the opportunity to comment. No comments have been received.

10. Full consultation with the local community will take place as part of the statutory planning requirements. In addition residents immediately adjacent to the sites and the licensees of the garages will also be informed of the proposals.

Options

11. Three options are presented for consideration:

Option One To support the long leasehold disposals of the Victoria Way and Fifth Avenue garage sites identified in this report to housing associations on the terms outlined in the analysis below, subject to satisfactory planning permission. If Members approve Option One, approval from the Director of Resources/Corporate Landlord will be sought to the disposals.

Option Two To support the principle of the long leasehold disposals of the Victoria Way and Fifth Avenue garage sites to housing associations on the terms outlined in the analysis below, subject to a further report or reports being brought to EMAP when all the planning issues have been addressed and full details of the proposed developments are known.

Option Three Not to redevelop one or none of the sites.

Analysis

12. The table below presents information on the two sites. Location plans for each site are attached as Annex 1 to this report. Please note the site plan boundaries are indicative at this stage and may be subject to some minor alteration.

Site	Ward	Estimated number, type and tenure of homes*	Housing Association partner
Victoria Way	Heworth	8 houses rent	York HA
5 th Avenue	Heworth	6 houses for rent 2 flats for rent 2 flats for low cost home ownership	Yorkshire Housing

* Nb: the number of homes may differ slightly from these due to planning restrictions or unforeseen circumstances.

13. The Housing Corporation have introduced very strict criteria on how much of the capital grant funding they pay housing associations is eligible for land acquisition costs. It is the view of the Housing Corporation that local authorities should 'gift' land to housing associations. However, they have agreed that where this is not possible an upper limit of £5,000 per plot for land acquisition will be allowed. If all of these homes were to be built the council could therefore expect a maximum receipt of £90k for the land disposals less any planning contributions that the housing associations are required to make and/or any abnormal development costs.
14. Taking each of the sites in turn.
15. **Victoria Way.** This is a small site of 0.18ha which held sixteen council garages. Ten of the garages were demolished in 2005/06 due to constant vandalism and a very low level of demand. Of the six remaining garages five are let on licenses with a one week notice period. The site is the subject of considerable vandalism and anti-social behaviour to the detriment of the neighbouring community.
16. It would be possible to only develop the demolished garages part of the site but for longer term sustainability it is strongly recommended that the remaining garages are included. There will need to be close liaison with the remaining licensees of the garages with a view to exploring whether alternative garaging can be found for them. On balance the costs associated with the loss of 6 garages must be weighed against the benefits of a redevelopment of this site for a small number of family houses that will enhance the neighbourhood and provide much needed affordable rented housing.
17. **Fifth Avenue.** This site extends to 0.127ha and is currently used as a garage court. Only six garages remain of which three are currently let. Most of the garages were demolished due to vandalism and the site has been considered for housing for a number of years. A small mixed tenure scheme of houses and

flats will greatly improve the appearance of this site and the immediate neighbourhood.

18. It is rarely possible to bring forward development proposals that have every piece of the jigsaw in place. Rather, the process requires that we first identify possible sites and ask housing associations to undertake some desk-top feasibility work. At the same time we discuss the *principal* of development with the relevant sections of the council including the Executive Member. Only then are the sites included in proposals for funding from the Housing Corporation.
19. If the Executive Member supports Option One, this will give sufficient assurance to our housing association partners for them to undertake the further work necessary to address any particular planning issues including those highlighted in this report. This work is essentially still “at risk” and there is no guarantee or presumption that the sites will receive planning permission. Option One is the recommendation of this report.
20. If the Executive Member feels it is more appropriate to support Option Two there is a risk that this could delay the development of the sites because we may need to bring individual reports to the Executive Member for each development site rather than as now having the opportunity to consider them together.

Corporate Priorities

21. Enabling the building of more affordable housing is a priority in the council's recently approved Housing Strategy 2006-2009. The proposals in this report will also contribute to the Council's Corporate Strategy 2006-09 including;
 - Improve the actual and perceived condition and appearance of the city's streets, housing estates and publicly accessible spaces.
 - Improve the life chances of the most disadvantaged and disaffected children, young people and families in the city.
 - Improve the quality and availability of decent affordable homes in the city.

Implications

22. **Financial.** The leasehold disposal of the 2 sites would generate a maximum capital receipt to the HRA of £90k subject to deductions for abnormal costs, which would need to be spent achieving the decent homes standard in order to retain 100% of the receipt, in line with the capital pooling regulations. Otherwise 50% of the receipt must be paid over to the Department of Communities and Local Government. The sites have no significant open market value and as such could not generate a higher receipt than would be received in the option recommended. There are currently 12 HRA garages split between the Victoria Way and Fifth Avenue sites and this will result in a maximum recurring revenue loss of £3k to the HRA, which can be met from savings in repairs to the garages. It is intended that the sites will be sold as they are, therefore there will be no costs incurred associated with demolition or clearance.

23. **Property.** Interest from the private sector would be minimal because of the number of units proposed and the location of the sites. It is not possible to comment on whether the price of £5,000 per plot for the land is a maximum sum that could be achieved. It is, however, the maximum that the Housing Corporation will permit. The decision for choosing housing association developments is that the benefits to the council in meeting corporate and housing objectives are greater than would be achieved if the sites were sold to private developers.
24. **Human Resources (HR).** There are no human resource implications
25. **Equalities.** There are no equalities implications
26. **Legal.** Enquiries are ongoing with Legal Services in respect of title checks being undertaken on both sites. These are not expected to prohibit development as proposed. Once the long leasehold disposals have been negotiated, Legal Services will formalise the transactions.
27. **Crime and Disorder..** As part of the redevelopment of the sites we will expect the housing to comply with Secured by Design principles and for the police architectural officer to be involved in an advisory capacity. In addition, redevelopment of these two sites will benefit their local communities by removing areas for anti-social behaviour to take place.
28. **Information Technology (IT).** There are no information technology implications
29. **Other.** As indicated, there have been informal discussions held with planning and highways officers. These will continue in more detail as the proposals develop.

Risk Management

30. The risks associated with the recommendations of this report relate primarily to the deliverability of the 2 sites for affordable housing. It is difficult to quantify the risk as each site will be considered in its own right as all the planning and community considerations are worked through.
31. There is a financial risk of the council foregoing some or all of the anticipated capital receipts from the leasehold disposal of the sites to housing associations either because of lack of planning permission or because of unexpected costs in developing them. However, the anticipated receipts are 'windfalls' and have not been assumed in any budget forecasts.
32. A wider corporate risk is that any reduction in the number of new affordable homes being built will increase pressure on the housing waiting list at a time when the need for more homes has rarely been greater. It will mean that affordable housing targets in the Housing Strategy are harder to meet. It may also mean that the grant funding from the Housing Corporation could not be spent unless alternative development opportunities were found; something that

will not reflect well on the local authority when future allocations of grant are being made.

33. If either of the sites cannot be developed this might also mean the council has to look at other ways of solving problems of vandalism, security and the detrimental impact of the sites on the local neighbourhood.
34. Nevertheless, in compliance with the council's risk management strategy it is not considered that the impact of these risks is so great as to warrant any special monitoring or separate action plan beyond the need of the Housing Strategy Manager to ensure regular project monitoring.

Recommendations

35. The Executive Member for Housing is asked to approve Option One of this report. This will allow more detailed feasibility work to be undertaken on all the sites immediately and protect the council's interest in the land because they will only be disposed of as and when planning permission is granted for affordable housing development.

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Wards Affected: Heworth

All

For further information please contact the author of the report

Background Papers: None

Annexes - Annex 1: Site plans of the Victoria Way and Fifth Avenue proposed affordable housing developments