
Executive

13 March 2007

Report of the Head of Housing and Adult Social Services

Proposed sale of Housing Revenue Account land for the development of affordable housing at Dane Avenue, Morritt Close and Chapelfields Road.

Summary

1. This report requests the approval of the Executive for the leasehold sale of three Housing Revenue Account (HRA) owned sites to housing associations for the building of approximately twenty new affordable homes for rent. The approval would be subject to consideration of any objections to their disposal following the posting of a statutory notice in the local press and also conditional on each site obtaining full planning permission for the schemes outlined in this report.
2. The report gives details of the three sites and outlines the proposals for their redevelopment. The report highlights issues that need to be addressed before applications can be submitted for planning permission to develop the three sites and also reports on the feedback received from a consultation of residents living adjacent to each of the sites.

Background

3. The need for additional affordable homes in York remains at a very high level and the council has an agreed target of supporting the development of 200 new affordable homes each year. Recent research has shown that a shortage of family housing in particular is exacerbating the problem and there are 2,300 live applications on the council's housing waiting list and over 350 on the register for low cost home ownership opportunities. The current stock of affordable housing cannot meet this need and therefore a key responsibility of the council is to assist in increasing the supply of affordable housing by working in partnership with local housing associations and developers. Wherever possible, the development of homes on greenfield land is avoided in favour of building homes on previously developed land.
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 (SHG) to enable them to build new affordable homes. In 2006-2008 the Housing Corporation awarded £6.5m of SHG for new affordable

homes in York. The three sites described in this report offer the potential to provide approximately 20 affordable family houses in the city and the housing associations will be eligible to apply for a proportion (estimated at £1.25m) of this £6.5m funding. Under the terms of the land sale, the council would have the right to nominate tenants to all of the homes both initially (100%) and on-relets (75%).

Consultation

5. The Housing Strategy and Enabling team have held preliminary discussions with colleagues in Asset and Property Management, Housing Management and Planning (Development Control) for all three sites. Primarily this has been to establish whether the *principal* of developing these sites was acceptable in policy and planning terms. More detailed discussions will be needed prior to any submission by the housing associations for planning permission.
6. Only the Chapelfields Road site is designated as 'open space' in the Draft Local Plan but all three sites have public access. It is therefore good practice to follow statutory procedures laid down in the Local Government Act 1972 and advertise the *intention* to sell these sites in the local press for two consecutive weeks. If the Executive approves the recommendation of this report, the advertisements will be placed as soon as possible and responses to these reported to the April 24th meeting of the Executive.
7. For two of the sites (Chapelfields Road and Dane Avenue) there will be a need to amend the boundaries of existing garden land from adjacent homes to widen the existing access to the sites. Each of the four tenants affected have been consulted with a home visit and their comments are included in the analysis section of this report.
8. All other residents whose homes back onto or are adjacent to each of the three sites were sent a letter advising them of the proposal to develop the land and inviting their comments in time to be included in this report. A summary of responses is given as part of the analysis of each site below, and a comprehensive list of comments and officer responses to them is attached as Annex 5 to this report.
9. Ward Members were also contacted for comments on the proposals. In relation to the Dane Avenue site there was a query regarding the topography of the site and its suitability for development. In respect of Morritt Close, Ward Members asked for clarification of the proposed site boundary.

Options

10. Three options are presented for consideration.
11. Option One. To support the long leasehold sale of some or all of the three sites to housing associations on the terms outlined in the analysis below and subject to satisfactory planning permissions being obtained for their development as

affordable housing and subject also to the Executive's consideration of any responses to statutory notices being placed in the local press advertising the intention to dispose of the sites. Furthermore that agreement on the precise boundaries of the development sites is delegated to the Head of Housing Services.

12. Option Two. Not to support development of the sites and to retain their ownership in the Housing Revenue Account.
13. Option Three. To sell the freehold of the three sites for private housing development at the best price achievable through an informal tender procedure.
14. Option One is the recommendation of this report.
15. If the recommendation of this report is approved, notices will be placed in the local press with any responses reported to the Executive. If disposal is still 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 each of the sites.

Discretionary payments to tenants affected by loss of garden

16. To enable an adoptable road to be provided at the Dane Avenue and Chapelfields Road sites it will be necessary to amend the boundaries to existing gardens at 10 and 12 Dane Avenue and 71 and 73 Chapelfields Road. All of these homes are council houses.
17. Good practice will be to make discretionary payments to tenants for the loss of use of part of their garden. There is no current policy agreed on how this should be calculated and therefore it has been based on the current value of garden land at £10 per square metre. In this situation it is recommended that payment be calculated at £5 per square metre in acknowledgement that the council is already the owner of this land, with a minimum payment of £200. The Executive is asked to approve this method of calculation being 50% of the market value of garden land with a minimum payment of £200 to be increased in line with the RPI on an annual basis for any similar proposals in the future. The compensation will need to be paid out of existing Housing Revenue Account budgets.
18. Estimates of the area of garden needed from each of the four addresses have been derived from desktop drawings of plans and will inevitably be subject to some minor variation as more detailed plans are drawn up. Each of four tenants has been consulted on this proposal and are in agreement with it. Details of the estimated payments are included as a confidential annex 7 to this report

Analysis

19. Table One, below gives a summary of the three sites including the estimated number of homes which may be built on them. Location plans for each site are included as Annex's 1 to 3 of this report. If sold on the private market, none of the sites would be large enough either in area or number of homes (0.3ha or over 15 homes) for there to be a requirement to provide affordable housing under the council's planning gain policies.

Table One: Summary of sites			
Site	Ward	Estimated No. of Homes	Housing association (indicative at this stage)
Dane Avenue	Acomb	5 houses	Yorkshire Housing
Former Chapelfields Play Area, Chapelfields road	Westfield	9 houses	Tees Valley HA
Morritt Close	Heworth	6 houses	Yorkshire Housing

20. It is important to emphasise that the site boundaries shown for each of the sites is indicative and may be subject to some minor changes. For the proposed developments at Dane Avenue and at Chapelfields Road the boundary of the sites is more self-defined and therefore the only amendments are likely be in respect of the access roads.
21. For the Morritt Close site it is less clear at this stage where the exact boundary of a new development site would be. This will depend on what is considered satisfactory in planning policy, on the scheme design by the architect for the housing association and on responses to existing residents concerns and ideas. Nevertheless, it is possible at this point to give an assurance that access to the site would only be from the existing road and that there would not be any net loss of storage space/sheds and drying areas that serve the existing flats.
22. If the Executive supports the principle of development it is recommended that delegated authority be given to the Head of Housing Services to agree the exact development site boundaries after planning policies on size, massing, density etc are satisfied.
23. The Housing Corporation have introduced strict criteria on how much of the capital grant funding is available to housing associations 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 a maximum of £5,000 per plot will be allowed. If all of these homes were to be built the council could expect a gross receipt of £100,000 less any planning contributions and abnormal site development costs. If the net receipt due to the council is to be less than £5,000 per plot, the Executive are asked to delegate authority to the Head of Housing Services to approve the final amount received.

Site analysis

24. A description of each of the three sites is given below together with the outcome of the consultation with local residents that has taken place. Annex 5 of this report includes a comprehensive summary of responses to the consultation for each site together with officer responses to these.
25. **Dane Avenue.** This is a small site has no formal public access – although gates to the site are invariably vandalised meaning that access to it is open. The site is maintained by Parks and Open Spaces on behalf of Housing Services.
26. Discussions have taken place with the tenants of numbers 10 and 12 Dane Avenue from whom an area of garden will be required to enable a prospective adoptable road to be provided.
27. Both tenants support the proposal for a small development of homes and both cited problems of anti-social behaviour by youths going onto the site, discarding alcohol bottles and dumping rubbish on a regular basis. If the development goes ahead the tenants at 10 and 12 Dane Avenue will benefit directly through more secure perimeter fencing and lighting. It is also agreed that the tenant at 10 Dane Avenue will need their garden shed replacing. These enhancements would be undertaken by the housing association in close consultation with the tenants and with the council's Housing Development Manager. Agreement has also been reached with both tenants for a one-off payment for the loss of use of some of their garden land. Details on how this sum has been calculated are given at paragraphs 16 to 18 above and the estimated sums payable to each tenant are given in a confidential Annex 6.
28. Neighbouring residents whose gardens back onto the Dane Avenue site were also sent a letter with a freepost reply form inviting them to comment on the principle of developing this site for affordable housing. From a total of 29 letters that were sent, 11 were returned. Key issues raised by residents included:

In support of development:

- It will stop anti-social behaviour - especially at the entrance to the site
- It will increase security through lighting especially on the access road
- It will improve the boundary fencing at the access to the site

In opposition to development:

- Loss of privacy to existing homes
- Reduction in value of owner occupied homes
- No current anti-social behaviour on the site; building family housing will attract this.
- The land should be planted with trees and kept as a wildlife/nature area

29. Responses also included a number of questions about the proposals such as where the access would be, whether perimeter fencing would be improved and whether existing gardens would need to be dug up during construction. These and other issues raised in the consultation are addressed in Annex 5.
30. **Former Chapelfields play area, Chapelfields Road.** This site has not been used as a play area for over 20 years. Its location does not easily lend itself to a suitable play area because it is isolated with little natural policing and is overlooked by only a few houses. The site has sometimes been the subject of vandalism and anti-social behaviour (the reason it was closed many years ago) and there are frequent problems of the electricity sub-station on the site being vandalised and equipment removed.
31. The site itself is designated as 'open space' in the council's Local Plan. This means that an alternative area of open space must be found to substitute that being proposed for any development. Discussions with Lifelong Learning and Culture have concluded with a proposal for this alternative to be an area to the rear of Westfield Primary School. Further details of this are given under the comments of Lifelong Learning and Culture at paragraph 48 of this report and a site plan of the proposed alternative open space provision attached as Annex 4 to this report.
32. Discussions have taken place with the tenants of numbers 71 and 73 Chapelfields Road from whom an area of garden will be required to enable a prospective adoptable road to be provided.
33. Both tenants support the proposal for a small development of homes. If the development goes ahead the tenants at 71 and 73 Chapelfields Road will benefit directly through more secure perimeter fencing and lighting. For both tenants maintaining access to their garages will be an essential part of any agreement and this will be facilitated by the housing association in close consultation with the tenants and with the council's Housing Development Manager. Agreement has also been reached with both tenants for a one-off payment for the loss of use of some of their garden land. Details on how this sum has been calculated is given at paragraphs 16 to 18 above and the estimated sums payable to each tenant are given in a confidential Annex 7.
34. Neighbouring residents whose gardens back onto Chapelfields Road site were also sent a letter with a freepost reply form inviting them to comment on the principle of developing this site for affordable housing. From a total of 10 letters that were sent 7 were returned. Key issues raised by residents included:

In support of development:

- New houses should be built, as the area has been unused for many years.
- New homes should be built but a new metal fence should be included to add security to the back gardens of existing homes as the current wooden fencing has been damaged

In opposition to development:

- There are no anti-social behaviour problems currently associated with the area of land
 - Any housing would be remote and isolated from the rest of the estate
 - The area would be better turned back into a play area for children
 - New homes will spoil the outlook of existing ones
35. Responses also included a number of comments about the proposals including that the new homes would act as a buffer to traffic noise from the ring road and that care would be needed to ensure homes were not let to problem families. These are included in Annex 5 together with officer responses to them.
36. **Morrith Close.** This site lies behind three blocks of low rise (two storey) council owned flats. A significant area of land to the rear of the flats is laid primarily to grass with some semi-mature trees. Initial desktop feasibility studies suggest that up to six houses could be built on this site using the existing access road into Morrith Close.
37. Residents of all the flats in Morrith Close and those living in homes at Theresa Close and Ferguson Way whose gardens back onto the site were sent a letter with a freepost reply form inviting them to comment on the principle of developing this site for affordable housing.
38. From a total of 73 letters that were sent, 33 were returned. Key issues raised by residents included:

In support of development:

- Only concern is to ensure no snickleways or shortcuts created onto Geldof Road
 - It will reduce the opportunity for vandals and burglars to get access to my home (Ferguson Way)
 - Houses are more practical than flats
39. In opposition to development respondents covered a wide range of issues. These can be broadly grouped as the following concerns:
- The existing flats were originally built for older people not families.
 - Residents in the flats live there because it is a quiet area.
 - The area being considered is used as a communal garden.
 - A wildlife habitat will be destroyed/trees cut down.
 - Anti-social behaviour stopped when the fencing put up to stop access to the 68 Centre. Development of homes would reintroduce it.
 - Development will lead to parking/congestion/traffic problems.
 - Drainage/flooding issues if more homes built.
 - Housing association tenants cause problems already.
 - There are more suitable sites nearby.
 - The value of owner-occupied homes will reduce.

- A loss of privacy for neighbouring homes.
- Disturbance caused by during construction.

NB: five of the responses opposing development were identical photocopies.

40. Annex 5 includes officer responses to the concerns expressed by residents.

Summary

41. There remains a lot of work to be done before firm proposals on any of these sites can be presented for planning approval. 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 desktop feasibility work. At the same time we discuss the principle of development with relevant directorates of the council and with local residents.
42. The recommendation of this report is to support Option One - the 'in principle' disposal of these sites to housing associations. The benefits of this option include:
- A significant contribution towards meeting the council's target of enabling 200 affordable homes to be developed each year.
 - Up to 20 family houses for rent for which there is a particular shortage.
 - Access to an estimated £1.25m of government subsidy that may otherwise be lost to the City, plus an investment of over £1.3m by housing associations on these proposed schemes.
 - Nomination rights to all of the homes in perpetuity.
 - For two of the sites – Dane Avenue and Chapelfields Road – the opportunity to increase security and reduce the opportunity for anti-social behaviour.
43. If the Executive 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.
44. If the Executive feels it is more appropriate to support Option Two – retention of the sites in the HRA, there will be no opportunity to develop much needed affordable homes and the two sites at Dane Avenue and Chapelfields Road will in all likelihood continue to be prone to anti-social behaviour. No development would also result in the loss of up to £2.5m of investment in affordable housing in the city.
45. If the Executive supports Option Three – the marketing of the sites for private development, it is impossible to say with certainty whether there would be interest in the sites or the capital receipt they might raise. The comments at

paragraph 49 from the Head of Asset and Property Management suggest that a capital receipt of up to £45k per plot might be achieved based on current land values in the city. However, this must be balanced against the following considerations:

- All three sites are in areas of social housing and therefore not as attractive to private developers.
 - None of the three sites would require a percentage of affordable housing under the council's planning gain policies.
 - Planning restrictions and conditions may mean less homes than those estimated in this report could be built – thus reducing any capital receipt.
 - Any capital receipt would have to be used towards the provision of affordable housing or meeting decent homes standards, otherwise 50% of it would be paid over to the Department of Communities and Local Government.
 - If the council, as landowner, required as a condition of the sale to a private developer that an some affordable housing was included, this would significantly reduce the capital receipt achievable and/or reduce private sector interest.
 - Private development will mean the likely loss of up to £2.5m of investment in affordable housing in the city.
 - Private development will not address York's shortage of affordable housing
46. On balance, Option One is considered to achieve the best outcome for meeting the financial, affordable housing and corporate priorities of the council. Annex 7 attached to this report presents the financial implications of each option to the Housing Revenue Account and the General Fund of each option.

Corporate Priorities

47. Enabling the building of 200 affordable homes in York each year is an agreed action in the Council Plan 2006 - 2007 and is highlighted as a priority in the council's 2006-2009 Housing Strategy. The proposed developments will also contribute to the council's 2006 – 2009 Corporate Priorities 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

48. **Financial.** The leasehold disposal of the three sites as outlined in Option One would generate a capital receipt of £100k (based on 20 plots at £5k per plot) to the HRA subject to deductions for abnormal costs. In order to retain 100% of

the net receipt it would need to be spent on the provision of affordable housing including meeting Decent Homes Standards in line with capital pooling regulations. Otherwise 50% of the receipt would have to be paid over to the Department for Communities and Local Government (DCLG). Payments to four tenants for the loss of garden land will be less than £2,000 and can be accommodated within existing Housing Revenue Account budgets.

49. **Asset and Property Management.** It is probable that interest to purchase the sites from the private sector would not be substantial because of the relatively small number of homes proposed and the location of the three sites. The price of £5k per plot the maximum that the Housing Corporation will permit. An open market bid based on current housing land value, may achieve a gross capital receipt of up to £45k per plot. The decision for choosing a housing association rather than a private development is that the benefits to the council in meeting corporate and housing objectives are greater.
50. **Learning, Culture and Children's Services.** The Head of Parks and Open spaces has proposed that the open space land which would be lost at the Chapelfields Road site is re-provided at land to the rear of Westfield Primary School. The site at Westfield Primary School is currently designated education land in the Draft Local Plan, has no formal public access and is under the ownership of Education. The proposed land is outside of the school fenced grounds and sandwiched between two sites designated as 'non statutory nature conservation sites'. The area is approximately 0.575ha and significantly larger than the former Chapelfields adventure play area (0.29ha). Re-designation of the whole of this area to public open space will formalise the land as a public amenity and bring it under the day to day management of Parks and Open Spaces.
51. The management team of Learning, Culture and Children's Services have discussed this proposal with the Head teacher at Westfield Primary School and both support the re-designation of the land. Any proposed re-designation will need to be considered formally by the Corporate Services EMAP and put forward as part of the planning process for the Chapelfields Road scheme.
52. A site plan is attached at Annex 4 showing the location of the site at Westfield Primary School. The proposal will have to be considered and approved as part of the planning application for the former Chapelfields adventure playground development proposal.
53. All three developments could, as part of the planning process, be required to make Section 106 payments for education and children's play facilities, amenity open space and sports pitch provision to be used within the local area of the individual developments.
54. **Human Resources.** There are no human resource implications.
55. **Equalities.** There are no equalities implications.

56. **Legal.** Legal Services will undertake enquiries in respect of title on all three sites. These are not expected to prohibit development as proposed. Once the terms have been negotiated for long leasehold disposals Legal Services will formalise the transactions.
57. **Crime and disorder.** As part of the development of each site we will expect the housing to comply with Secured by Design principles and for the police architectural liaison officer to be involved in an advisory capacity.

Risk Management

58. The risks associated with the recommendations of this report relate primarily to the deliverability of the three 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.
59. There is a financial risk of the council foregoing some or all of the anticipated receipts for sale 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.
60. 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 meeting the council's Corporate Priorities in relation to affordable housing and targets in the Housing Strategy are harder to meet. It may also mean that Housing Corporation funding which has been secured for spending in 2006-2008 for affordable housing in York will be lost to the city. If housing associations cannot commit to spending this funding either on these sites or elsewhere, the Housing Corporation will allocate it to another local authority area. It is estimated this funding could amount to £1.25m.
61. Overall, however, 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

62. The Executive is recommended to approve of Option One of this report:
63. To support the long leasehold sale of some or all of the three sites to housing associations on the basis outlined in this report and subject to satisfactory planning permissions being obtained for their development as affordable housing. Furthermore that approval on the precise boundaries and the net capital receipt received for the sites to be delegated to the Head of Housing Services and the Corporate Landlord.

Reason: To increase the stock of affordable family housing in York to which the council will have nomination rights thus helping to meet the housing needs of York residents who are unable to access the private housing market.

64. The Executive is also asked to approve as policy the method of calculating discretionary payments to tenants for the loss of use of part of their gardens as detailed in paragraph 17 of this report. This will provide a consistent basis for how such sums are calculated if any similar circumstances arise.

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Report Approved



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Wards Affected: Acomb, Heworth, Westfield

All tick

For further information please contact the author of the report

Background Papers:

None

Annexes

Annex 1: Site plan of Dane Avenue development site

Annex 2: Site plan of Chapelfields Road development site

Annex 3: Site plan of Morritt Close development site

Annex 4: Site plan of proposed open space re-provision, Westfield Primary School

Annex 5: Issues raised during resident consultation and officer responses

Annex 6. Analysis of financial options

Annex 7: Confidential estimate of discretionary payments to tenants due to loss of garden land.