

Annex F Kemble Housing Delivery Options

As set out in the September 2020 Cabinet report and linked to the work carried out with regard to housing delivery, officers have investigated options for delivery of housing on the site directly in line with the draft affordable housing delivery strategy and the Council's general powers to develop.

Below are the main options available for the site which sets out the best financial consideration and unrestricted value for the site which in line with Local Government Legislation the Council needs to consider. The Council can dispose of a site for less than best consideration without the Secretary of State's approval where there are social, environmental or economic benefits and the undervalue of the disposal is less than £2 million. Therefore the Council could consider disposal of the site at an undervalue for the purpose of delivering affordable housing.

High level financial viability has been considered on a number of options for the site based on information on housing costs and rents from other local authorities and consultant input from Carter Jonas.

Options based on housing mix identified from the Housing needs survey where relevant and on open market potential.

Options for Disposal of the site:

The details below set out high level financial position for each option and whether this meets the criteria set out in the draft Affordable Housing Delivery Strategy.

Option 1 Sale of the site at Open Market Value

- Mix of housing as per housing needs survey 8 Units based on 2 x 4 bedroom house, 2 x 3 bedroom house, 4 x 2 bedroom bungalows (CJ option 4) (possible flats instead of bungalows due to site space)
- Disposal of the site (subject to obtaining the benefit of Planning permission) to 8 units for a capital receipt.
- To ensure delivery of the housing units this would require a development agreement.
- No control for the Council to house tenants with a local connection, from the Housing register etc.
- **capital receipt - in region of £600,000**
- **Not in line with Council priorities for social housing and Affordable Housing delivery strategy**

Option 2 - sale of land to registered provider for affordable housing - no further Council involvement

- Sell the site with a positive covenant ensuring that the site is only developed for affordable/ housing

- Any disposal of the site for Affordable housing would be in partnership with a local preferred Registered Provider.
- This option could include the transfer of the site to the Registered provider at nil cost and include the use of part of the Councils commuted sum to support/ subsidise the provision of social, carbon zero, housing delivery in an enabling function. This could be by way of a freehold disposal or a long leasehold interest.
- This could be restricted to local housing needs policy
- Loss of control over matters outside the covenant
- **capital receipt - in region of £72,000 max**
- **Provides for affordable housing but could be enhanced by working in partnership to improve the delivery of Council priorities and Affordable Housing Delivery Strategy by working in partnership rather than just disposal and putting forward land at nil value to improve viability and delivery of social rented and carbon zero.**

Option 3 - Community Led Housing

Main points relating to this option are as set out in the report to Cabinet on 7th September 2020.

- No additional planning costs as CLT would obtain all permissions
- Parish preference is mix of units including half shared ownership
- Likely high level of management to ensure the site development is delivered
- Recommend development legal agreement with deadlines for completion of work otherwise revert back to Council - risk that housing not delivered
- Loss of control over flexible management of the units to deliver against changing housing needs
- **Likely capital receipt - £60,000 - £120,000**
- **Would provide for affordable housing, however risk of delivery and timescales, loss of control over longer term use of site and changing housing needs.**

Option 4: Self-build

Individual self-build plots which could be made available at open market value or affordable sale on this site.

- There is local need identified on the register on the Council's Self & Custom Build Register. This site could contribute to the performance of the duty to provide self build plots.
- The site could also be sold for a group or community self-build – plots sold collectively to co-operatives usually working in partnership with a housing association. There is little appetite for this amongst local housing associations as it is extremely resource intensive. There are currently no groups/associations registered on the District's Self-build register. However, this could have potential as part of a Community Led Housing Scheme or Joint Venture arrangement with this Council and the Parish.
- Infrastructure costs have been estimated to be in the region of £200,000 (included in above figure).
- This could be considered as a cross subsidy to the provision of social, carbon neutral housing.

- **Likely capital receipt for open market plots - £720,000**
- **Could provide for affordable housing, however risk of delivery and timescales, loss of control over longer term use of site and changing housing needs.**
- **Open market open provides no affordable housing provision on the site.**

Based on open market disposal of all plots this site would provide the best financial consideration for the site and is the unrestricted value.

Option 5: Develop retain and rent

A number of high level options have been considered on the basis of the Council building and long lease to a third party to rent, to ensure the tenancies are retained in perpetuity to provide permanent supply of social rented accommodation.

Further costs would need to be included for the provision of an in-house team to provide this service and right to buy would occur if Council directly lease properties.

The appraisals carried out indicate a significant cross subsidy is required from private rented accommodation. On the carbon zero option a 50/50 split is required to achieve a break even point based on the Council borrowing to construct the units. This would provide 4 social rented and 4 private rented.

These costs include approx £200,000 for project management and consultant input as this is not currently available in house.

Unlikely to be any positive financial investment return but allows delivery against social housing and climate priorities.

Recommendation on options

To deliver the Council's priorities on zero carbon housing and social rented accommodation Officers recommendation on option for delivery would be to partner with an existing Housing Association/ Registered partner to improve on Option 5.

Key points/benefits:

- Council in an enabling role, putting its land into the partnership
- working with a specialist residential carbon designer to deliver zero carbon and deliver an product which can be a model for on-going deliver for both partners
- Trial site to provide exemplar product
- considering/ trialing new methods of construction
- end result - both partners have built experience and evidence of viability, design etc
- risk reduced as joint risk