

TITLE	Wokingham Housing Limited (WHL) Development Opportunities
FOR CONSIDERATION BY	The Executive on 30 June 2016
WARD	None specific
DIRECTOR	Stuart Rowbotham, Director for Health and Wellbeing
LEAD MEMBER	Julian McGhee-Sumner, Executive Member for Health and Wellbeing

OUTCOME / BENEFITS TO THE COMMUNITY

It will contribute to meeting housing needs through the provision of well-designed, high quality affordable housing.

RECOMMENDATION

That the Executive approve:

- 1) selection of Wokingham Housing Limited, the Council owned Local Housing Company, (or a subsidiary of WHL), as the development partner for affordable housing schemes at Grovelands Park (Winnersh), Barratt Crescent (Wokingham) and Anson Walk (Shinfield);
- 2) that the Council transfers land between Grovelands Avenue Caravan Park and Grovelands Avenue Workshops, Winnersh and land adjacent to 1 Anson Walk, Shinfield to Wokingham Housing Limited (WHL), or a subsidiary of WHL, at nil monetary consideration on a 125-year lease;
- 3) that the land between Grovelands Avenue Caravan Park and Grovelands Avenue Workshops, Winnersh; land adjacent to 13 Barrett Crescent, Wokingham and land adjacent to 1 Anson Walk, Shinfield is appropriated for planning purposes under section 227 of the Town and Country Planning Act 1990 and Section 122 of the Local Government Act 1972;
- 4) the proposed funding model, including the allocation of Section 106 receipts for the provision of affordable housing towards these sites in accordance with Part 2 Report (and as recommended by the Commuted Sums Advisory Panel).
- 5) The development brief for these sites, including the proposed tenure mix.
- 6) That the transfer of land and funding for the Barratt Crescent development will be subject to achieving a revised planning consent for the site that is viable to build out.

SUMMARY OF REPORT

In June 2011, the Council established a wholly-owned Local Housing Company, Wokingham Housing Limited (WHL), to provide a range of high quality affordable and market housing for the people of Wokingham Borough. This report proposes that WHL

(or a subsidiary of WHL) be selected as the development partner for affordable housing schemes at Grovelands Park (Winnersh), Barratt Crescent (Wokingham) and Anson Walk (Shinfield).

Two of developments (Grovelands and Anson Walk) already have full planning consent and will deliver 10 x properties as affordable housing. The site at Barratt Crescent has a planning consent for a further 2 apartments. However, the design of the building is not cost-effective to build out and a revised planning application will be submitted to achieve value for money. It is proposed that the sites are transferred at nil value to WHL and funding is provided through the use of Section 106 commuted sums for affordable housing.

The Commuted Sums Advisory Panel met on 12th May 2016 to review the bids for Section 106 commuted sums to fund these schemes. The Panel recommended that the schemes be funded through commuted sums.

Background

Delivering affordable housing is a priority of the Council. In June 2011 the Council established a wholly-owned Local Housing Company, Wokingham Housing Limited, to provide a range of high quality affordable and market housing for the people of Wokingham Borough. Establishment of the company allows the council to have more influence and flexibility over the quality, type and affordability of housing developed and ensures that these new properties meet the needs and aspirations of the Borough's residents. The company also enables the Council to maximise the benefits and potential of its assets.

Analysis of Issues

Selection of WHL

Selecting WHL as the development partner will give the Council full control over the development of affordable housing at Grovelands Park, Barratt Crescent and Anson Walk, whilst also retaining the asset base within the Council's companies.

Other options that could be considered are:

1. Registered Provider Partnership – transfer of the land at nil consideration to one of the Council's four Registered Provider Partners – whilst this may reduce the level of funding required by the Council, it would result in the loss of the asset to the Council. Whilst the Council would have some control on the redevelopment, this would not be on the level of influence the Council has with WHL.
2. Council Housing Building – the Council is able to build within the Housing Revenue Account. However, currently general needs housing built as such would still be subject to rent controls, Right to Buy provisions, etc. which do not apply to WHL.

Land Transfer

The site at Grovelands Park sits between the existing caravan park and workshop buildings and consists of a vacant piece of scrubland, which is neither utilised nor managed. The site is held within the general fund. The proposal is to transfer the site to Wokingham Housing Limited (WHL), or a subsidiary, for nil monetary consideration on a 125 year lease. The site has been valued (see Part 2 Schedule). Under Section 25 of the Local Government Act 1988, local authorities require Secretary of State consent to dispose of general fund land at less than market value for development as housing accommodation, except where the transferee is a Registered Provider of housing. Secretary of State approval has been sought and granted for the Grovelands site disposal to WHL or a subsidiary (as they are not currently a Registered Provider).

It is necessary to appropriate the Grovelands site from the general fund for planning purposes under Section 227 of the Town and Country Planning Act 1990 and Section 122 of the Local Government Act 1972, in order to extinguish any rights which may exist over the same and enable the development proposed by WHL (as outlined in planning application reference: F/2014/2611).

The Barrett Crescent garage site is held within the Housing Revenue Account. The garage site is currently disused and deteriorating and no long-term use has been found

for it. The proposal for the site to be transferred into WHL for nil monetary consideration on a 125-year lease was previously approved by the Executive in May 2011. It is necessary to appropriate the site from the Housing Revenue Account for planning purposes under Section 227 of the Town and Country Planning Act 1990 and Section 122 of the Local Government Act 1972, in order to extinguish any rights which may exist over the same and enable the development proposed by WHL (as outlined in planning application reference: F/2015/0060 or further planning consent on this site).

The site at Anson Walk currently provides 5 unallocated parking spaces with an access road and turning head area. Some of the site is laid to grass, but it exhibits signs of fly tipping and other unsociable behaviour and does not form a meaningful contribution to the open space provision in the area. The site is held for housing purposes under Part II of the 1985 Act (i.e. within the Housing Revenue Account). The proposal is to transfer the site to Wokingham Housing Limited (WHL), or a subsidiary, for nil monetary consideration on a 125 year lease. The site has been valued (see Part 2 Schedule). It is necessary to appropriate the site from the Housing Revenue Account for planning purposes under Section 227 of the Town and Country Planning Act 1990 and Section 122 of the Local Government Act 1972, in order to extinguish any rights which may exist over the same and enable the development proposed by WHL (as outlined in planning application reference: F/2015/0073).

The relevant powers to dispose of HRA land (i.e. Barratt Crescent and Anson Walk) are contained in Section 32 of the Housing Act 1985 and Section 25 of the Local Government Act 1988. General Consents under Section 25 of the Local Government Act 1988 (Local Authority assistance for privately let housing) were published in April 2014. A new General Consent AA allows a council to dispose of vacant HRA land to any organisation at less than market value for housing development, subject to certain conditions, without the need for Secretary of State consent.

Proposed Funding Model

It is intended that s106 affordable housing commuted sums will be used to fund these developments. The Commuted Sums Advisory Panel met on 12th May 2016 to review the bids for Section 106 commuted sums to fund these schemes. The Panel recommended that the schemes be funded through commuted sums.

Short-term loan funding may be required initially until sufficient commuted sums are accrued. Full details of the business model and funding are included in the Part 2 Schedule.

Development Brief

The development at Grovelands Park will consist of 6 x 2-bedroom chalet style houses, with access road, parking and gardens.

The development at Barratt Crescent will consist of a new 2 storey building providing 2 x 2-bedroom apartments.

The development at Anson Walk will consist of a new 2 storey building providing 4 apartments (2 x 1-bedroom and 2 x 2-bedroom), with associated parking and external works.

All of the sites have full planning consent. However, the scheme consented at Barratt Crescent is not cost-effective to build out (due to the building's awkward orientation, unique footprint and a complex roof design) and a revised planning application will be submitted to achieve value for money. The transfer of land and funding for the Barratt Crescent development will be subject to achieving a revised planning consent for the site that is financially viable.

The new developments will all provide 100% affordable housing schemes of the following tenures:

- Social rent (at target rents)
- Intermediate/Affordable rent (up to 80% of market rent, capped at the Local Housing Allowance level)
- Shared ownership, at 35% equity share and rent on unsold equity capped at 1.5% per annum

It is anticipated that the developments at Grovelands Park and Anson Walk will provide either social rented or intermediate/affordable rented homes. The Council will have full nomination rights to all of the completed properties.

WHL have undertaken a tender exercise to select a preferred contractor, and subject to this decision, the Grovelands and Anson Walk schemes should be able to commence in the summer. Delivery of the Barratt Crescent scheme will be depending on the revised planning consent.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	Part 2 Report	Yes	Capital
Next Financial Year (Year 2)	Part 2 Report	Yes	Capital
Following Financial Year (Year 3)	Part 2 Report	Yes	Capital

Other financial information relevant to the Recommendation/Decision

It is intended that s106 affordable housing commuted sums will be used to fund these developments. Short-term loan funding may be required initially until sufficient commuted sums are accrued.

Cross-Council Implications

Affordable housing is a priority for the Council. Access to good quality, affordable housing is key to residents' health and wellbeing, education, employment, etc.

Reasons for considering the report in Part 2
Commercially sensitive information, relating to the funding and contract sums, is included on the Agenda as a separate Part 2 Report.

List of Background Papers
None

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