

TITLE	Wheatsheaf Close - Self Build Project.
FOR CONSIDERATION BY	The Executive on Thursday, 31 January 2019.
WARD	Winnersh.
DIRECTOR	Director of Locality and Customer Services - Interim Sarah Hollamby and Director of Corporate Services – Graham Ebers.
LEAD MEMBER	Executive Member for Heath & Wellbeing, Adult Social Care and Housing - Parry Bath.

PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)

The development of this council-owned site will contribute to meeting housing need by enabling local residents get onto the housing ladder, and involving them directly in the design and delivery of their new homes.

RECOMMENDATION

That the Executive approve:

- 1) the selection of Wokingham Housing Limited or another council owned Local Housing Company as the development partner for Wheatsheaf Close;
- 2) that the Council transfers the land at Wheatsheaf Close to a council-owned housing company for the purposes of delivering a self-build project on terms to be agreed by the Director of Corporate Services in consultation with the Executive Member for Health & Wellbeing, Adult Social Care and Housing, and the Executive Member for Finance, HR and Corporate Resources.
- 3) that the site subject to Recommendation 1 above 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 development brief and self-build delivery approach for the site;
- 5) that the transfer of land for the site will be subject to Wokingham Housing Limited (WHL) securing an outline planning consent for the scheme and the necessary Board approvals.

EXECUTIVE SUMMARY

In light of the duties placed upon local authorities following the implementation of the Self-Build and Custom Housebuilding Act 2015 and the Housing and Planning Act 2016, the Council is seeking to deliver a community-led self-build scheme on council-owned land at Wheatsheaf Close, Sindlesham.

Our public consultation work has demonstrated that there is demand for both self-build and self-finish plots in the Borough, with residents wanting to assume responsibility for

the design and management of the build alongside choosing how involved to be in the actual build process.

This project aims to deliver 13 detached houses for shared ownership to help residents get onto the housing ladder, with a further 8 units to be sold on the open market to cross-subsidise, creating a total of 21 units.

This report seeks agreement for the use of the land at Wheatsheaf Close for this community-led self-build project. It also proposes that a council-owned housing company is selected as the development partner for the scheme and that the land is transferred accordingly.

BACKGROUND

The Housing and Planning Act 2016 defines self-build and custom housebuilding as the “building or completion by individuals, associations of individuals, or persons working with or for individuals or associations of individuals, of houses to be occupied as homes by those individuals. But it does not include the building of a house on a plot acquired from a person who builds the house wholly or mainly to plans or specifications decided or offered by that person.” The Self-Build and Custom Housebuilding Act 2015 defines a “house” as “a dwelling that forms part of a building”.

The legislation places a number of duties on relevant authorities. These include:

- Setting up and maintaining a register of individuals/associations that are seeking serviced plots for self-build and/or custom housebuilding.
- To have regard to the register when carrying out planning, housing, land disposal and regeneration functions.
- Imposes a duty to grant planning permission for sufficient serviced plots of land to meet the demand evidenced by the register.

The Council is expected to grant planning approval for a sufficient number of serviced plots to meet the demand for self-build and custom housebuilding as evidenced on its register within three years of the conclusion of each base period. The Council does not have a duty to provide the plots itself or to match plots to individuals on the register.

The first base period commenced on the date the Council first established its register (1st April 2016) and concluded on 30th October 2016. The second base period commenced on 31st October 2016 and ran until 30th October 2017. Subsequent base periods will begin on 31st October each year and have a duration of one year.

This means that by October 2019, the Council should have granted 64 planning permissions for self-build plots and a further 106 are required by October 2020. As at 30th October 2018, 88 planning consents had been recorded based on CIL relief claims for self-build.

The Council is keen to support the delivery of self-build housing in the Borough and committed to a project in its Housing Strategy 2015-2018.

The proposed scheme will offer residents the opportunity to be part of a self-build project and community, and to build capacity and develop skills as part of a steering group for the scheme.

BUSINESS CASE (Including Options and Evidence of Need)

Land at Wheatsheaf Close, Sindlesham has been identified for this self-build project. A plan of the site is included in Appendix 1.

The site is located in Sindlesham, around 1.5km from the Winnersh district centre. The Council has retained access rights to the site from the established development at Wheatsheaf Close. The site is surrounded by housing to the north and south, small industrial units and housing to the east, countryside and a public footpath to the west.

Wheatsheaf Close contains a mix of both private and affordable units. The self-build project would need to be in keeping with the surrounding environment.

The site was allocated as a reserve housing site in the Managing Development Delivery (MDD) Development Plan Document Policy SAL03 (February 2014) for the delivery of around 24 dwellings depending upon layout and size/form of any homes. Following an Executive decision on 27th July 2017, the site has been released for development.

In 2016, the Council commissioned Jon Broome Associates to carry out initial feasibility work on the site, which concluded that it is suitable for a self-build housing scheme of around 20 homes. In 2017, the Council then commissioned a more detailed options appraisal through Ecomotive Ltd. This included comprehensive public engagement work, including two public consultation events and a survey sent to the applicants on our self-build register. The outcome of this work has defined the development brief and method proposed in this report.

Development Partner and Land Transfer

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. Selecting a council owned housing company as the development partner will allow the Council to have some control over the development type and design guide of this community-led self-build scheme, whilst also retaining the asset base within the Council's companies. This is really important for this type of project because it enables the Council to retain control of the scheme and freehold.

An alternative option that could be considered is delivery of the project through another Registered Provider. However, initial market testing suggested there was little interest in progressing this bespoke project amongst local partners.

The Wheatsheaf Close site is currently held in the general fund. The proposal is that the Council transfers the sites to a council owned housing company on terms to be agreed by the Director of Corporate Services in consultation with the Lead Member for Health & Wellbeing, Adult Social Care and Housing, and the Lead Member for Finance, HR and Corporate Resources. 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. Loddon Homes Limited (one of the Council owned housing companies) is a Registered Provider and assuming the site transfers to this organisation, the general consent would apply. However, in the event that the sites were transferred to another council-owned company at an undervalue, Secretary of State approval would be needed.

It is necessary to appropriate the 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 the housing company.

Development Brief

The site will provide a community-led self-build scheme of mixed tenure. Our public consultation work has demonstrated that there is a strong preference for the independent design of homes and management of plots, with interest in peer support and learning. The Council understands that there is demand for both self-build and self-finish plots, with residents wanting to assume responsibility for the design and management of their build alongside choosing how involved to be in the actual build process.

Once the site is established, longer term management is expected to be via a co-operatively run/member-led management company, with all residents carrying an automatic right of membership.

The proposal is that Wokingham Housing Limited secures an outline planning consent for the self-build scheme, which includes a clear design guide to ensure consistent and high quality design is achieved across the development. Applicants will then submit detailed planning applications for their own homes in accordance with this guide. It is envisaged that the scheme will deliver a total of around 21 homes, with 13 units of affordable housing offered as a first step into home ownership, and 8 units for open market sale to cross-subsidise the delivery of the affordable plots

The 13 affordable homes are proposed for shared ownership to help residents get onto the housing ladder. The assumption is that the affordable plots will be provided to self-builders, with the value of the land forming the retained equity stake secured through a shared ownership lease agreement.

The level of shared ownership is based on the assumption that self-builders would self-finance construction through a self-build mortgage, typically requiring a 20% minimum deposit. Assuming that mortgage companies will only lend to self-builders against the equity that they own in the property, this limits the 'shared ownership' to the value of the discounted land. The Council could consider offering additional grants to participants in order to reduce project costs and make the shared ownership more accessible.

Based on the feasibility work, the Council anticipates a mix of unit sizes of potentially 4 x 2 bedroom houses, 12 x 3 bedroom houses, 4 x 4 bedroom houses and 1 x 5 bedroom house, depending on the requirements of the successful applicants.

The Council will have full nomination rights to all of the shared ownership units, and all the serviced plots will be prioritised for applicants on the Council's self-build register who meet our local connection criteria.

It is proposed that the freehold of the shared ownership plots will be held by one of the Council's housing companies (any income stream from these plots would then help to generate additional affordable housing). The freehold of the 8 market plots will be sold to the purchasers.

The Council proposes to retain a legal right to buy back any unfinished units if work is not completed within a reasonable timeframe. This is enforced by a legal charge subject to priority deed with a mortgage provider.

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)	(£4,000,000) against current capital programme budget	Yes	Capital
Next Financial Year (Year 2)	Nil	Yes	Capital
Following Financial Year (Year 3)	Nil	Yes	Capital

Other Financial Information

£5.45 million of Section 106 affordable housing receipts is currently allocated in the Capital Programme for a Self-Build Project. Following the recent feasibility work, the cross-subsidisation from market housing means the draw on these funds can be considerably reduced. It is therefore proposed that £4 million of this capital is declared as a saving and returned to the affordable housing pot. A balance of £1.45 million will be retained as the capital budget for the project. A bid for £208,080 has been submitted to Homes England’s Community Housing Fund for the project management and planning-associated costs. As a condition of this bid, a commuted sum (Section 106) match-funding contribution of at least £31,212 has been proposed.

Stakeholder Considerations and Consultation

We have undertaken public engagement work, including initial expressions of interest in 2014, two public consultation events in April 2018 and a survey sent to the applicants on our self-build register in June 2018.

Resourcing and Timeline for Next Steps

If agreed, the site will be included in the WHL development programme for 2019/20 onwards. If our bid is successful, the Community Housing Fund will contribute additional project management resource.

Timeline for Review and Evaluation

Review and evaluation will take place during the fortnightly commissioning meetings between the Council and its housing companies. Reporting to Affordable Housing

Implementation Group will continue and any grant conditions from Homes England will be monitored. A full project review will be undertaken upon completion of the development.

List of Background Papers

None

Contact Victoria Higgins

Service Place Commissioning

Telephone Tel: 0118 974 6562

Email victoria.higgins@wokingham.gov.uk

Appendix 1

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