

South Lakeland District Council
Cabinet
Wednesday, 9 March 2022
Purchase of land at Heversham

Portfolio: Housing Portfolio Holder
Report from: Director of Customer and Commercial Services
Report Author: Julie Jackson, Principal Specialist People, and Sion Thomas, Operational Lead Delivery and Commercial Services
Wards: Kendal Rural;
Forward Plan: Key Decision included in the Forward Plan as published on 08.02.22

Links to Council Plan Priorities: The proposal will assist the Council in the delivery of affordable housing through the use of the Right to Buy replacement scheme monies.

Working across boundaries – delivery of affordable homes that will contribute towards the Council’s housing and communities target to delivery 320 homes every year across the District through the purchase of a suitable site.

Delivering a balanced community – the proposal will assist in meeting housing and communities targets to delivery 477 affordable homes for rent and 588 affordable homes to buy between 2020 to 2025.

A fairer South Lakeland – N/A

Addressing the climate emergency – the proposal will assist in the potential delivery of energy efficient homes.

1.0 Expected Outcome and Measures of Success

1.1 The proposal will mean that the Council intends to deliver affordable homes once the site has been purchased. This will assist in meeting housing need within the locality and surrounding area as well increasing the supply of affordable housing.

2.0 Recommendation

2.1 It is recommended that Cabinet:-

- (1) Approve the purchase of land at Heversham as detailed in this report; and**
- (2) Delegate authority to the Director (Customer and Commercial Services) in consultation with, the Portfolio Holder for Housing and Portfolio Holder for Finance and Assets, S151 Officer and Lead Specialist for Legal, Governance and Democracy (Monitoring Officer) to purchase the land as detailed in this report, entering into the appropriate legal agreements for the transfer of the site at Heversham.**
- (3) Delegate authority to the Director of Customer and Commercial Services to draw up a feasibility study and the drawing up of the planning application.**

3.0 Background and Proposals

- 3.1 The Council Plan approved in February 2022 takes forward the Council's longstanding target of delivering 1000 homes for rent between 2024 and 2025. The South Lakeland District Council Housing Strategy 2016 to 2025 contains an action to consider alternative methods of delivery of affordable housing to meet the Council's affordable housing targets for affordable rent and affordable sale homes. Action A3 of the Strategy Action Plan was "to consider options to establish a mechanism to help with land identification, acquisition and assembly".
- 3.2 Cabinet approved the change of policy from the provision of loans to include the acquisition of land for the delivery of affordable housing at the meeting of 7 December 2021. Council subsequently approved the amendment required to the capital programme to change the use of the Right to Buy (RTB) capital receipts from loans to affordable housing grants for Registered Providers and acquisition of land.
- 3.3 A site has been identified at Heversham that would be suitable for the delivery of affordable housing, see Appendix 1. This site could also provide an opportunity to deliver an exemplar in energy efficient homes with a view to replication in the District.
- 3.4 SLDC estates team have valued the site based on the current permissions in place, see Appendix 1. Whilst the site already comes with planning permission with 6 No. houses, (2 No. affordable houses and 4 No. at market value), the Council will undertake a feasibility study of the site to determine the viability of the site having 100% affordable houses, with possible change to the number of units and configuration of the site. Following the results of the feasibility study a further report will be brought back to Cabinet for approval regarding the number of houses the site can accommodate, the number of affordable units to be built and energy efficiency proposals for each unit.
- 3.5 Cabinet are asked to consider the recommendation to purchase the land in Heversham at market value for delivery of affordable housing in the future. The money used for the purchase will come from the capital receipts from RTB sales. A further report will be brought to Cabinet for approval which will detail the various options available to the Council for delivery of affordable homes which are an exemplar in energy efficiency.

4.0 Appendices Attached to this Report

| Appendix No. | Name of Appendix |
|---------------------|---|
| 1 | Part II - Report and Valuation |
| 2 | Health and Sustainability Impact Assessment |

5.0 Consultation

- 5.1 Consultation has taken place with the Portfolio Holder, Lead Specialist for Finance and Legal, Governance and Democracy. Corporate Management Team have also been consulted as part of the report.

6.0 Alternative Options

- 6.1 Members could decide to not pursue any proposals for use of the Right to Buy Replacement Fund for the purchase of the site at Heversham at this time, however, this is not recommended as the opportunity to use these funds to meet housing needs in South Lakeland could be lost.

7.0 Implications

Financial, Resources and Procurement

- 7.1.1 The capital programme approved in February 2021 for 2021/22 included £3m in scheme KRT10 for the provision of loans from Right To Buy (RTB) receipts with a further £3m included within the capital programme for 2022/23. Council on 30 March 2021 agreed to earmark a total of £1,571,000 of the RTB receipts for contingency and guarantees relating to the Cross-a-Moor roundabout to facilitate the provision of affordable homes leaving £4,428,300 in capital programme for the retitled Housing Investment Fund. This is split between £850,000 for 2021/22, £578,300 for 2022/23 and £1m for each of 2023/24, 2024/25 and 2025/26 financial years.
- 7.1.2 The Council currently holds £5.47m of capital receipts from RTB sales, of which £5.105m was received before 1 April 2021 and receipts relate to sales between 1 April 2012 (when the previous rules on RTB capital receipts came into effect) and before 1 April 2021 (when the revised rules for RTB capital receipts come into effect). These capital receipts all related to sales under the preserved Right to Buy (RTB) that applies to tenants of housing associations who retain their Right to Buy when their home is transferred to a housing association from a local authority. These preserved RTB receipts were specifically excluded from the 2012 rules for pooling of RTB receipts.
- 7.1.3 There are resource implications in respect of the legal work required to complete the necessary grant agreements and in relation to purchase of land. Where permitted by accounting requirements these costs will be charged to the Housing Investment Fund in the capital programme. Where this is not permitted, monies earmarked for capital contributions to the capital programme will be used to fund these costs, in line with current accounting practice.
- 7.1.4 There may be revenue liabilities relating to ownership of this land before, during and following construction. Due to the nature of the site, these are expected to be minor and can be accommodated within existing budgets.

Human Resources

- 7.2 N/A.

Legal

- 7.3.1 Legal work will be required in respect of the conveyancing work for the proposed site purchase.
- 7.3.2 It is to be noted that members are being asked to approve the purchase of the site with the benefit of the existing planning permission for 2 affordable houses and for 4 houses at market value. It is the Council's intention to develop the site for affordable housing and this will be subject to the results of a feasibility study and planning application.

Health and Sustainability Impact Assessment

- 7.4 Have you completed a Health and Sustainability Impact Assessment? Yes (attached at Appendix 2).

7.5 Summary of Health and Sustainability Impacts

| | | Positive | Neutral | Negative | Unknown |
|--------------------------------|---|----------|---------|----------|---------|
| Environment and Health | Greenhouse gases emissions | | Y | | |
| | Air Quality | | Y | | |
| | Biodiversity | | Y | | |
| | Impacts of Climate Change | Y | | | |
| | Reduced or zero requirement for energy, building space, materials or travel | Y | | | |
| | Active Travel | | Y | | |
| Economy and Culture | Inclusive and sustainable development | Y | | | |
| | Jobs and levels of pay | | Y | | |
| | Healthier high streets | | Y | | |
| | Culture, creativity and heritage | | Y | | |
| Housing and Communities | Standard of housing | Y | | | |
| | Access to housing | Y | | | |
| | Crime | | Y | | |
| | Social connectedness | | Y | | |

Equality and Diversity

7.7 Have you completed an Equality Impact Analysis? No

7.8 If you have not completed an Impact Analysis, please explain your reasons: contained within Equality Impact Assessment for the South Lakeland Housing Strategy 2016-2025.

| Risk Management | Consequence | Controls required |
|---|---|---|
| There is a risk that expenditure of funds may be restricted in future by the LGR process. | The schemes may not go ahead and resources could be reallocated elsewhere. | Create commitment to expenditure through the approval of the grants |
| There is a risk that the land could be sold to alternative buyer. | Ability to ensure land is used for affordable housing may be limited to planning policy only rather than 100% affordable schemes. | Progress with the purchase of the land. |

Contact Officers

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Background Documents Available

| Name of Background document | Where it is available |
|--|--|
| South Lakeland District Council Housing Strategy 2016 - 2025 | South Lakeland District Council web-site . |
| Cabinet minute CEX/82 7.12.21 | South Lakeland District Council web-site . |

Tracking Information

| Signed off by | Date sent | Date Signed off |
|---------------------|------------|-----------------|
| Section 151 Officer | 04/02/2022 | 28/02/2022 |
| Monitoring Officer | 04/02/2022 | 24.02.22 |
| CMT | 04/02/2022 | 24.02.22 |

| Circulated to | Date sent |
|---------------------------------|------------|
| Lead Specialist | N/A |
| Human Resources Lead Specialist | N/A |
| Communications Team | N/A |
| Leader | N/A |
| Committee Chairman | N/A |
| Portfolio Holder | 01/02/2022 |
| Ward Councillor(s) | N/A |
| Committee | N/A |
| Executive (Cabinet) | 09/03/2022 |
| Council | N/A |