

14th March 2017

**To the Chair and Members of:  
Cabinet**

Disposal of land at Edwin Road, Woodlands (former Woodlands View sheltered housing scheme) for the development of new affordable housing.

<b>Relevant Cabinet Member(s)</b>	<b>Wards Affected</b>	<b>Key Decision</b>
Cllr Jane Nightingale (Portfolio Holder for Housing)	Adwick & Carcroft	Yes
Cllr Glyn Jones (Portfolio Holder for Adults & Social Care)		

**EXECUTIVE SUMMARY**

1. The purpose of this report is to obtain approval to dispose of land at Edwin Road, Woodlands (former Woodlands View sheltered scheme) for the development of new affordable housing designed specifically for older people aged 50yrs plus.
2. Disposal of the site will be to the Council's preferred partner Housing Association, Johnnie Johnson Housing Trust (JJHT) via a long lease (125 years) at a peppercorn rent (£1).
3. A £115,000 contribution of s106 from the £1.9m commuted sum contributions for Affordable Housing is required for Edwin Road to enable the viability of the proposed scheme.
4. Edwin Road has been valued at £230,000 (July 2016), and coupled with the proposed £115,000 s106 contribution, results in a combined value of £345,000. FPR's require that the awarding of a grant of this value must be approved by Cabinet. The disposal is considered a good value net result for the Council. If the Council were to sell the land with a view of using the receipt to fund additional new homes, the value would only facilitate approx. 2 - 3 units (typically c. £100k per unit), which does not represent value for money; whereas this route will enable c. £1.24m investment into the borough and 11 units of affordable housing which have been designed specifically to meet the needs of older people.

**EXEMPT REPORT**

5. The report is not exempt.

## **RECOMMENDATIONS**

6. It is recommended that the Mayor and Cabinet:
  - a) Approve the disposal of Edwin Road, Woodlands to JJHT for the delivery of new older people's affordable housing.
  - b) Approve the disposal of the land on a 125yr lease at a peppercorn rent.
  - c) Approve the drawdown of £115,000 s106 from the £1.9m commuted sum contributions for Affordable Housing to our Housing Association partner JJHT to support the delivery of the scheme and include in the Council's capital programme as a grant to a third party.

## **WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?**

7. Good quality, modern accommodation designed to meet the needs and aspirations of older people is a key Mayoral priority.
8. Disposing of the land will facilitate the provision of much needed affordable purpose built older peoples accommodation. The development will provide Doncaster residents with additional choice in terms of accommodation type.

## **BACKGROUND**

9. The underpinning policy objective of the Councils Housing Strategy is the provision of good quality affordable housing for all sections of the community, including older people. The existing evidence base for Doncaster shows that there will be a long term growth of the population of older people and forecasts of increased demand for appropriate housing.
10. Edwin Road is Housing Revenue Account (HRA) land and was demolished as part of the Sheltered Housing Options Appraisal and Clearance Programme Cabinet approval (March 2012).
11. Edwin Road has been valued at £230,000 (July 2016). The disposal will facilitate additional investment into the borough resulting in 11 units of new affordable housing. Conversely, if the Council were to sell the land with a view of using the receipt to fund additional new homes, the value would only facilitate approx. 2 - 3 units (typically c. £100k per unit). Therefore, disposing of the land to JJHT in favour of their proposals would facilitate c. £1.24m investment into the borough along with the associated socio-economic benefits, such as council tax revenues, removal of management and maintenance costs to the Council; and the creation of local construction jobs, and an enhanced, improved local area.
12. The intended disposal route will be via a long lease (125 years) at a peppercorn rent (£1).
13. As part of the ongoing Affordable Housing Programme, Johnnie Johnson Housing Trust (JJHT), one of the Councils preferred partner housing associations, were approached to appraise the site for its potential

development suitability. JJHT, whose core business model is the delivery of older people's retirement living accommodation; deemed the site a viable option for new older peoples housing delivery.

14. Consequently, a development option has been drawn up in partnership with officers within Strategic Housing, proposing the following:

**Edwin Road:**

- 11x2bed bungalows
- 100% Affordable Rent
- Total Scheme Cost: c.£1.24m – Funded via Homes and Communities Agency (HCA) Grant (c.£176,000), DMBC S106 subsidy (£115,000), and JJHT's own finance (c.£952,000)

Any new schemes are subject to a satisfactory planning approval.

15. The new homes are to be built using modern methods of construction, and will incorporate the Housing our Ageing Population Panel for Innovation (HAPPI) design principles, and Building for Life standards. In doing so ensures robust and sustainable design quality, to meet the needs of older people. The designs will incorporate a number of energy efficiency and sustainable design features such as energy efficient boilers.
16. Nominations will be via St Leger Homes (SLHD) waiting lists and administered via the Choice Based Lettings (CBL) system. Nominations will be 100% first let and 75% thereafter. Evidence for Doncaster shows there will be a long term growth of the population of older people and forecasts an increasing demand for appropriate housing. Bidding data for the area suggests that there is a demand for housing designed specifically for older people aged 50yrs plus.
17. In September 2016, having worked closely with officers within Strategic Housing, JJHT submitted a bid for HCA funding from the Shared Ownership and Affordable Homes Programme 2016-21 (SOAHP); of which they were successful. Confirmation of the grant amount was received January 2017.
18. As part of any development appraisal process, the financial viability is assessed; this has indicated a funding shortfall of £115,000 for Edwin Road. Therefore the proposed s106 contribution will mitigate this shortfall. Without this contribution the scheme would not be deemed viable and would have to be deferred until additional funding could be found from alternative sources. In addition, without the contribution the scheme wouldn't be able to progress and therefore failing to meet the funding conditions and timescales set out by the Homes and Communities Agency (HCA) and therefore lose the HCA grant allocated to the site.

## **OPTIONS CONSIDERED**

19. **Option 1** - Dispose of the site to JJHT as detailed in the body of the report.  
This option will enable the council to pursue the aspiration of developing additional older people's housing provision in the borough.

**Option 2 - Sell the site for receipt.**

If the Council were to sell the site with a view of using the capital receipt to fund additional new homes, the value would only facilitate approx. 2-3 units (typically c.£100k per unit).

**Option 3 - Do Nothing.**

If it is decided not to transfer the site to JJHT, then it would remain within the HRA and options for its future use / or alternative disposal routes will be determined via the Assets Board.

## REASONS FOR RECOMMENDED OPTION

20. This option enables the Council to work towards its aspiration for providing additional suitable older peoples accommodation, for which there is a current and expected future demand. It demonstrates that the council is able to provide greater choice and control to its residents who require this type of housing. This option has been agreed with Elected Members, Housing Portfolio Holder and the local Neighborhood Manager as the preferred option.

## IMPACT ON THE COUNCIL'S KEY OUTCOMES

- 21.

	<b>Outcomes</b>	<b>Implications</b>
	All people in Doncaster benefit from a thriving and resilient economy. <ul style="list-style-type: none"><li>• <i>Mayoral Priority: Creating Jobs and Housing</i></li><li>• <i>Mayoral Priority: Be a strong voice for our veterans</i></li><li>• <i>Mayoral Priority: Protecting Doncaster's vital services</i></li></ul>	Creation of new sustainable affordable housing for older people. During the development process additional jobs will be created for local people and local trades / suppliers.
	People live safe, healthy, active and independent lives. <ul style="list-style-type: none"><li>• <i>Mayoral Priority: Safeguarding our Communities</i></li><li>• <i>Mayoral Priority: Bringing down the cost of living</i></li></ul>	Modern older peoples housing to enable older people to maintain their independence for longer, along with health and wellbeing benefits.  New housing is designed to be more cost efficient for residents.
	People in Doncaster benefit from a high quality built and natural environment. <ul style="list-style-type: none"><li>• <i>Mayoral Priority: Creating Jobs and Housing</i></li><li>• <i>Mayoral Priority: Safeguarding our Communities</i></li></ul>	Accommodation will be designed in line with a range of industry best practice design guidance, to ensure quality developments are built.

	<ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Bringing down the cost of living</i></li> </ul>	
	<p>All families thrive.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Protecting Doncaster's vital services</i></li> </ul>	New homes will enable older people to remain close to existing family, friends and local community.
	Council services are modern and value for money.	Modern older people's accommodation support older people to live more independently unlike traditional sheltered / residential provision which is more costly.
	Working with our partners we will provide strong leadership and governance.	The preferred option is the preferred one for all stakeholders.

## RISKS AND ASSUMPTIONS

22. Asset management implications are present. Vacant sites require regular maintenance and security. If left unused for a long period of time the site could potentially attract periodic anti-social behavior; causing a nuisance to the surrounding residents, which in turn would increase these costs to the Council / SLHD.
23. If the site is not transferred to JJHT, the site will remain within the HRA and options for its future use / or alternative disposal route will be determined via the Assets Board.

## LEGAL IMPLICATIONS

24. Section 1 of the Localism Act 2011 provides the Council with the general power of competence, meaning that "a local authority has power to do anything that individuals generally may do."

Edwin Road is Housing Revenue Account (HRA) land and Section 32(2) of the Housing Act 1985 requires that any disposal of housing land by the Council is not made without the consent of the Secretary of State. A number of general consents by the Secretary of State to the disposal of housing land by local authorities have been made.

Section 25 of the Local Government Act 1988 requires the consent of the Secretary of State to be obtained before any local authority supplies any person with financial assistance for the purposes of, or in connection with, the acquisition, construction, improvement or maintenance of any property which is to be privately let as housing accommodation under Section 24 of that Act. Paragraph A1 of the General Housing Order (S.25 LGA1988) made in 2010 gives consent to the Council for the provision of financial assistance to a registered social landlord consisting of:

- (a) the disposal to that RSL of land for development as housing accommodation and other facilities intended to mainly benefit the future occupiers of that housing accommodation
- (b) the grant to that RSL of any easement for the benefit of land to be developed by the RSL as housing accommodation on various conditions set down in paragraph A2 thereof

On condition that:

- (i) any housing accommodation on the land at the time of disposal must be vacant and the terms of the disposal must include that the housing accommodation (other than any housing accommodation which has been developed by the buyer pursuant to the terms of the disposal) shall be demolished rather than used again as housing accommodation
- (ii) completion of the disposal must be by way of transfer of freehold or grant of a lease for a term of 99 years or more
- (iii) the terms of the disposal must include that the development of any housing accommodation must be completed within 3 years after the completion of the disposal
- (iv) the terms of the disposal include that any housing accommodation developed on the land by the RSL shall be let by the RSL on a periodic tenancy or shared ownership lease or lease for the elderly or used as temporary accommodation for homeless persons
- (v) the aggregate value of the financial assistance or gratuituous benefit and any provided by the Council to that RSL in the same financial year must not exceed £10 Million

If the disposal falls within the Section 25 General Consent then the Consent of the Secretary of State under Section 32 is not required.

The provision of Social Housing by a registered social provider is classified as a Service of General Economic Interest and as such does not constitute notifiable state aid.

## **FINANCIAL IMPLICATIONS**

### **25. Edwin Road, Woodlands**

By giving up this land on a peppercorn rent the Council is foregoing a capital receipt of £233k of the overall total. This proportion of the overall receipt would have related to a Housing Revenue Account Asset with the intended use of the land immediately prior to disposal being for social housing. If a receipt had been realised the value would have been subject to the housing capital receipts pooled regulations, although it could have been retained in full provided it was spent on affordable housing, regeneration or the paying down of housing debt. If the land is disposed of for a peppercorn rent then no receipt (cash or in-kind) is generated and there would be no recourse to the capital receipts pooled regulations.

Upon disposal St Leger Homes will no longer be liable for the management and maintenance of the site.

### **S106**

The contribution of £115k Affordable Housing s106 monies to JJHT constitutes a capital grant to a third party. FPR's require that the awarding of a grant of this value must be approved by Cabinet. The grant must also be administered in line with FPR's; particularly Rule E External Arrangements. The relevant Director must ensure the Council's interests are protected at all times and must be in a position to provide assurance that the requirements of FPR's have been met or will be met before any grant or other assistance is actually made.

The financial viability of delivering the proposed development at Edwin road would be at risk unless a contribution of £115k is made to help fund the £1,200k scheme. Without this contribution the scheme would have to be deferred until additional funding could be found from alternative sources. In addition the scheme would be in danger of failing to meet the funding conditions and timescales set out by the Homes and Communities Agency (HCA) and therefore lose £204k HCA grant allocated to the site.

Upon approval, the £115k grant contribution will be added to the Housing Capital programme.

### **Other Considerations**

JJHT is a not-for-profit housing association who will be providing social housing on site. The development does not contain any properties for commercial sale; in essence the Council is providing land in order to receive the benefit of affordable housing units in the Borough. As such there should be no consequences in relation to state aid and there is no profit element to the viability of the development to demand a capital receipt from JJHT if used for this purpose.

Responsibility for the running of the completed development will fall to JJHT, so there are not expected to be any future revenue implications to the Council in relation to the affordable housing units in respect of running costs. Although the report refers to the units being accommodation to meet the needs of older people Project Officers have advised that this is purely an affordable housing scheme and that there are no additional care costs or rent issues that would create an additional cost to the Council, provided that rents are charged within the Local Housing Allowance (LHA) cap.

The Government has recently confirmed that the LHA cap for general needs social sector housing will be implemented in April 2019. This will set the maximum level of Housing Benefit (or housing cost element of Universal Credit) payable on these tenancies to the LHA levels in force at the time a claim is made. The current LHA rates for 1 and 2 bedroom accommodation are £78.08 and £93.23 respectively.

For Housing Benefit, the LHA cap will only apply to tenancies signed from April 2016 onwards, so these tenancies would all be affected. For Universal Credit, the LHA cap will apply to all new and existing tenants.

A further consideration is that the tenants may be affected by the social sector size criteria if they are under state pension age and deemed to be over-occupying. The LHA cap will be based on the number of bedrooms they need (according to the household size and make-up) rather than the number of bedrooms actually in the property. For example, a single person or couple under pension age would only be awarded Housing Benefit/Universal Credit up to the 1 bedroom LHA rate even if they occupy a 2 bed property. There are some exceptions for people with disabilities but these are uncommon. The social sector size criteria rules do not apply to people who have reached state pension age.

Under current rules, where there is a shortfall between the rent charged and the amount of Housing Benefit/Universal Credit payable, the tenant would be eligible to apply for Discretionary Housing Payments. The Council receives some Government funding for this currently although this is awarded on a year-by-year basis with no guarantees for future years. There is significant demand for these payments currently due to all the welfare reforms in recent years and we typically spend the government contribution and a bit more, so there may be a potential impact on Council funds.

In the proposed schemes, if rents are charged above LHA levels and/or properties are allocated to people under pension age who are deemed to be over-occupying, this could have financial implications depending on the number of residents applying and meeting the award criteria for discretionary housing payments.

Project officers must also ensure that the relationship with JJHT is in compliance with procurement rules.

## **HUMAN RESOURCES IMPLICATIONS**

26. None.

## **TECHNOLOGY IMPLICATIONS**

27. None.

## **EQUALITY IMPLICATIONS**

28. The Public Sector Equality Duty (PSED) Due Regard Statement was created by the Equality Act 2010. The duty came into force in April 2011 and places a duty on public bodies and others carrying out public functions. The aim of the PSED is to embed equality considerations into the day to day work of public authorities, so that they tackle discrimination and inequality and contribute to making society fairer. 'Due Regard' is a legal term that requires proportionality and relevance. The weight given to the general duty will depend on how that area of work affects discrimination, equality of opportunity and good relations.

All housing developments supported by DMBC will be accessible depending on individual need. Such assessments will not discriminate against any applicant in any way and particularly due to any of the protected characteristics of the Equality Act 2010.

All DMBC Housing Association partners must maintain a commitment to the Act.

## **CONSULTATION**

29. Consultation has been undertaken with Elected Members, the Local Neighbourhood Manager, Housing Portfolio Holder, and Housing Governance Board.

## **BACKGROUND PAPERS**

30. None.

## **REPORT AUTHOR & CONTRIBUTORS**

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