

Rother District Council

Report to	-	Cabinet
Date	-	2 September 2019
Report of the	-	Executive Director
Subject	-	Community Led Housing Programme Update

Recommendation: It be **RESOLVED:** That:

- 1) the progress of the Icklesham exception site by Icklesham Parish Community Land Trust in partnership with Hastoe, detailed within the report be noted;
 - 2) exploration of the site of Land at Fairview by the Sussex Community Housing Hub for the purposes of delivering a Community Led Housing Scheme be supported;
 - 3) the site of Cemetery Lodge be offered for sale to Bexhill Community Land Trust for the purposes of delivering a Community Led Housing Scheme;
 - 4) delegated authority be granted to the Executive Director to agree the final terms of sale for the Cemetery Lodge site, recovering the costs incurred by the Council in preparing the site for future development to include; the demolition of the lodge (subject to approval) and completion of the new site access;
 - 5) should recommendations (3 & 4) not proceed, officers progress with the sale of the Cemetery Lodge site on the open market;
 - 6) the site of Sidley Allotments to be offered for sale to the Bexhill Community Land Trust for the purposes of delivering a Community Led Housing Scheme; and
 - 7) delegated authority be granted to the Executive Director to agree the final terms of sale for the Sidley Allotment site.
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Head of Service: Ben Hook

Lead Cabinet Member: Councillor Clark

Introduction

1. The Community Led Housing (CLH) Project is included under the current Corporate Programme to increase the supply of affordable housing in the district. This is also included as a key objective in the recently adopted Housing, Homelessness and Rough Sleeping Strategy (2019-24), with an ambitious target to achieve four CLH Schemes and delivery of 45 affordable homes.
2. The purpose of this report is to inform Members of the background to the CLH Project, funding arrangements and progress of schemes.

Funding of Community Led Housing Schemes

3. In December 2016, the Government announced £60m of Community Housing Funding (CHF) to be allocated across 148 councils to support an increase in housing supply by increasing the number of additional homes delivered by the CLH sector; to provide housing that is affordable at local income levels and remains so in perpetuity; and to deliver a lasting legacy for the CLH sector in the form of an effective and financially self-sustaining body of expertise within the house building industry in England.
4. The Council received the largest allocation in East Sussex totaling £748,899. The Government is flexible with how local authorities spend this allocation, so long as delivery of homes is genuinely community led.
5. In July 2017, full Council approved to ring-fence £50k of the CHF allocation for revenue spend, supporting start-up fees of CLH groups and pre-development costs, as well as meeting any funding gaps to ensure community groups had the financial means to progress schemes (Minute C17/27 refers). So far £31,049 revenue funding has been allocated to support progress of two CLH projects, with potential to deliver some 22 affordable homes.
6. Additionally it was agreed that £598,899 of the CHF grant funding and any further funding received, be used to support the capital funding of affordable housing delivery, through CLH projects across the district.
7. In July 2018, the Government announced a further £163m allocation of CHF for communities across England up to 2020. Bidding for the Fund remains available via Homes England until 2020, or until funding is fully committed.
8. This further allocation of CHF supports applications for revenue grants to assist community groups with the costs involved in the pre-development stage of projects, and capital bids for site associated infrastructure. Capital funding is also available to help cover the costs of delivering CLH schemes. Bidding is open to eligible organisations which are, or intend to become, constituted as a body corporate or an equivalent form of constituted body. Local authorities or Registered Providers may also apply on behalf of community groups.
9. Future funding arrangements of the CLH programme are currently under review and the Government has recently called on the CLH sector to collate a strong evidence base, demonstrating the need for funding to be extended beyond 2020.
10. For this reason, CLH groups and local authorities have been encouraged by the sector to progress projects as quickly as possible, to enable submission of applications before the fund expires/runs out.

Sussex Community Housing Hub

11. The first two years of the Government's CLH programme was primarily aimed at improving awareness, building capacity and technical skills within local groups and to establish support hubs offering advisory services. In response to this, and in conjunction with nine other local authorities across Sussex, full Council approved £100,000 (£25,000 per annum) of the Council's CHF in July 2017 towards the development and services provided by the Sussex

Community Housing Hub (SCHH) over a four year programme (Minute CB17/27 refers). The total allocation was paid in advance to provide certainty to the SCHH through the duration of the programme agreed. This is monitored via a Service Level Agreement with various performance indicators to be achieved by the SCHH each year.

12. The SCHH has successfully completed its second year of operation, providing vital enabling services to support the growth of the CLH sector across Sussex. During this time they have held numerous events to help grow the sector. They have also helped to establish a number of community groups across the county, providing assistance with business planning, project management, advice on community governance, funding and so forth (Appendix 1). Further details of projects in the pipeline being supported by the SCHH in Rother are included below.

Community Led Housing Schemes in Rother

Main Road, Icklesham

13. This is a rural exception site scheme being delivered by Rother's first Community Land Trust, Icklesham Parish Community Land Trust (IPCLT), made up of local volunteers who wish to support the housing needs of their local community. This project was originally instigated by Icklesham Parish Council (IPC) via the Council's Exception Site Project that transferred over to a CLH Scheme via the services provided by the SCHH. The project continues to be supported by IPC, in partnership with Hastoe Housing Association (HHA), the SCHH and Rother District Council.
14. A Housing Needs Survey was commissioned by IPC in 2015 to provide the necessary evidence to identify the housing needs within the Parish to support a rural exception site scheme. The Survey determined 25 households across the Parish as being in need of affordable housing, meeting the requirements of local connection, income and personal circumstances. An appraisal of a number of sites across the Parish was subsequently undertaken and the Main Road site was considered to be the most appropriate in planning terms, to satisfy the exception site planning policy.
15. Since this time, IPCLT commissioned the necessary surveys and pre development work required to progress a scheme. They are in the process of finalising an arrangement with their chosen housing provider, HHA, to deliver the homes on this scheme. HHA will continue to own the homes, leasing the land from IPCLT. The homes will remain affordable in perpetuity and will be allocated by the IPCLT, in partnership with HHA, benefiting the current community and future generations.
16. In May 2019, a planning application for 15 affordable homes (RR/2019/243/P) on Main Road Icklesham was granted approval subject to a section 106 agreement to be agreed by the Council, to secure the affordable housing provision.
17. The next stage of this project is to secure the necessary finances required to deliver the scheme. Early financial assessments have indicated there will be a shortfall requiring subsidy. This is primarily due to the number of affordable rented homes included on the scheme to address local housing need and

reflects the low rental income receivable from Local Housing Allowance rates. This is compounded further by high build costs and site specific constraints.

18. IPCLT and HHA are also keen to adopt higher environmental standards above minimum building regulations, and this is likely to increase build costs further. Nonetheless, the long-term savings for residents will ensure the homes remain truly sustainable, helping to tackle fuel poverty as well as benefiting the environment.
19. It is intended that some of the scheme costs could be offset by the various funding streams currently available. An application for a Government Grant from Homes England will be submitted in respect of the site associated infrastructure, in addition to funding towards construction of the new homes. It must be noted however, that Homes England will consider applications for funding against the Council's unspent CHF allocation. IPCLT will for that reason, need to apply for funding from the Council's CHF allocation towards delivery of the scheme to have any chance of being successfully allocated further funding from Homes England.

Cemetery Lodge (250 Turkey Road), Bexhill

20. Cemetery Lodge (250 Turkey Road, Bexhill), is situated on the corner of Turkey Road and St Mary's Lane, by the current main entrance into Bexhill Cemetery (Appendix 2). The property was constructed in the early 1900s, built as a three bedroom detached house. Over time, changes have been made to the property, including conversion and extension to the ground floor to provide office and storage facilities. The current planning use includes ground floor office use and first floor residential. The building has remained vacant since 2012 and has subsequently fallen into disrepair and would require considerable investment to restore and modernise the building to current standards.
21. The empty property has become an eyesore, increasing the management burden on the Council. Regular inspections are required to satisfy insurance obligations and to make sure the property remains secure, reducing the risk of further vandalism and to prevent arson.
22. Previous Planning advice indicates that as a cleared site, the land has potential for some 5-8 dwellings. This requires closing off the existing shared entrance to Bexhill Cemetery (on Turkey Road) creating an exclusive development site with a new shared entrance on St Marys Lane and assumes the demolition of Cemetery Lodge, subject to Planning permission.
23. Cabinet resolved to proceed with a planning application to change the current Cemetery access arrangements with a new access to be created on St Marys Lane (Minute CB17/61 refers). Planning permission was granted in March 2019 and procurement to appoint a contractor to complete this work is underway.
24. Planning approval is subject to a number of conditions and this includes a requirement to physically close the front entrance before the new access on St Marys Lane can be used. This will be achieved by restoring and then closing the original gates to the current entrance. The Cemetery Lodge site will then be temporarily fenced off in readiness for future development, with

the exception of the pedestrian access, which will be retained as part of any future scheme.

25. In January 2018, Cabinet agreed to explore the level of interest for an affordable CLH Scheme of the Cemetery Lodge site. This provided an initial steer in favour of disposing of the property for this purpose (Minute CB17/61 refers).
26. By September 2018, the SCHH had successfully developed a group of local volunteers to form the Bexhill Community Land Trust Steering Group (BCLTSG). The BCLTSG agreed to consider options for developing Cemetery Lodge as their first community project, consulting their plans with Council officers before submitting their high level concept designs and scheme proposals (Appendix 3). The preferred option of the BCLTSG favoured demolition of Cemetery Lodge to optimise the developable area for affordable housing purposes, to deliver eight new dwellings to include six x 2-bed houses and two x 1-bed flats, built to modern space and design standards.
27. The above proposals were considered by Cabinet in November 2018, subject to the formal planning process. However, it was resolved that the Council should consult with Bexhill Heritage and the Old Town Preservation Society on their own separate designs to retain Cemetery Lodge (Minute CB18/36 refers).
28. Following a site visit with Bexhill Heritage in November 2018 (with representation from The Old Town Preservation Society) Bexhill Heritage submitted to the Council revised concept designs and surveys that included retaining the Lodge, with a new extension and new dwellings on the land immediately surrounding the property.
29. Following "in principle" advice from planning, it was concluded that the designs produced by Bexhill Heritage are unlikely to be supported by planning due to the close proximity of the new dwellings to the neighbouring property. As such it is recommended that the BCLTSG should submit the proposals produced by both parties, for formal pre planning application advice. This will help inform thinking about the best use of the site in planning terms, and what will be required in respect of demonstrating a case for possible demolition of Cemetery Lodge.
30. In the meantime, the BCLTSG has become legally incorporated as a Community Benefit Society, now formally registered as Bexhill Community Land Trust (BCLT) for the purposes of conducting business for the benefit of their community. The BCLT has continued to demonstrate their interest and commitment in developing a scheme at Cemetery Lodge, as well as actively considering other opportunities in the town to meet the housing needs of the local community.
31. It is important to consider that if this site was to be sold on the open market, planning policy requirements concerning affordable housing would not apply, as the scheme would fall below the minimum planning policy threshold for requiring onsite provision. In view of this, to sell the site on the open market will make it difficult for any CLH group to compete to acquire the site for the

purposes of delivering a CLH scheme, resulting in a lost opportunity to deliver much needed affordable housing in Bexhill.

32. In order for BCLT to progress the site for the purposes of delivering a CLH scheme and have the necessary certainty required to apply for funding, it is proposed that the site be sold to BCLT and for the final sales value to be capped at no more than existing use value (paragraph 43 refers).
33. However, if within 12 months of this decision no sale can be agreed with the BCLT, it is recommended to sell the site on the open market.

Sidley Allotments

34. The site known as Sidley Allotments (Appendix 4) has been recently identified as having some development potential for a small scale housing scheme. Previous attempts to devolve these allotments have been unsuccessful. The BCLT has expressed their initial interest to explore this potential further as a CLH scheme, and has engaged with a registered provider to undertake a high level feasibility assessment of possible options to support this process.
35. A proposed scheme may include the land adjoining the allotment site only, or potentially the whole site, or combination of the two, retaining the allotment as part of a wider scheme. Any decision made to develop the allotments would require Secretary of State approval and public consultation. Appropriate mitigation would also be required to provide suitable alternative allotment provision in a nearby location for existing plot holders at Sidley.
36. It is recommended that the site of Sidley Allotments be sold to the BCLT for the purposes of delivering a CLH scheme capped at existing use value and for the terms of sale to be made subject to engaging in a public consultation, planning and if required, Secretary of State approval accordingly and alternative allotment provision.

Land at Fairview, Guestling

37. Land that Rother owns at Fairview, Guestling (Appendix 5) has been identified as a further site that may have potential to support a rural exception CLH scheme, subject to the planning process and identified housing need in the local area.
38. It is recommended that the SCHH engage with the community locally, including the Parish Council, to explore the appetite within the community for an affordable housing scheme on this site, either as a standalone exception site or CLH Scheme and to report back.

Disposal of Land

39. The CLH project is a unique approach to affordable housing delivery compared with mainstream housing development, relying on volunteers to drive forward practical solutions to meet the housing aspirations of the wider community. Whilst gaining community buy-in from the outset is often a first challenge to such schemes coming forward, the final success is also predicated on other factors, to include funding and availability of land.

40. Successful case studies have often included sites being gifted or sold to community groups at discounted values to help kick start schemes. In some cases, sites are designated by planning policy for affordable housing purposes, meaning the market value is then delimited by the end use. There are no hard and fast rules about how Local Authorities should dispose of their land for CLH purposes. It is more about providing meaningful opportunities, and certainty of sites being made available for these purposes when all other factors are considered. To include; suitability of sites/ site specific constraints, availability of funding and the type of housing schemes and tenures being delivered by CLH groups for the benefit of the community.
41. It should also be noted that local authorities can dispose of land for less than best consideration where the disposal is likely to contribute to economic, social or environmental wellbeing, and the undervalue (the difference between the sum obtained and the best considerations that can be reasonably obtained) does not exceed the total sum of £2m.
42. The sites proposed in this report are considered to be small scale housing schemes that will derive a limited market value and well below the above maximum value. To offer realistic opportunities for each of the above projects to deliver much needed affordable housing, it is recommended that the value of the sites should be capped at up to existing use value, not maximum market value.
43. 'Existing use value' refers to what land is worth in its current form. For Cemetery Lodge this would be based on the property in its current poor condition, with part business and residential planning use. Sidley Allotments would be valued based on the land use of the land for allotment purposes. The final sales value agreed for each site will be determined based on a current independent valuation in conjunction with an assessment of all site specific costs required to deliver the scheme.
44. Further rationale for applying existing use value follows closely the national changes to the National Planning Policy Framework and Planning Practice Guidance 2018 concerning viability, which includes the principle of limiting land value to 'existing use plus'. This is aimed at preventing developers from using the argument they have paid too much for land as a way to avoid building affordable housing. The 'plus' element is described as a premium which 'should provide a reasonable incentive for landowners to bring forward land for development...' In the context of CLH, the premium for the Council should be considered as the social benefit being provided by the affordable housing provision being offered to meet local housing need. By selling the site at existing use value, the Local Authority would also be demonstrating good practice in accordance with the above changes.

Conclusion

45. Since 2017, the Council has worked with nine Sussex authorities to develop a SCHH to provide support and guidance to local communities seeking to bring forward local affordable homes under the Government's CHF Programme.
46. In Icklesham there has been good progress and a number of funding options are now being considered. This is likely to include IPCLT seeking to apply for some of the Council's CHF in the near future to bring forward this site.

47. Within Bexhill there has been delayed progress with the Cemetery Lodge site and this now needs moving forward to agree the sale of the site to BCLT within 12 months, subject to planning permission. If this cannot be achieved then to sell the site on the open market.
48. Subject to community engagement and Secretary of State approval, the Sidley allotment site be sold to the BCLT to deliver a CLH scheme.

Dr Anthony Leonard
Executive Director

Risk Assessment Statement

Given the challenges of securing suitable sites available for delivery of affordable housing, the CLH project is at risk of failing to deliver without providing some opportunities to help grow the sector. There is also the added risk that the Council may miss the opportunity to access further CHF via new projects coming forward that will help to increase overall supply of new affordable housing required to meet need across the district. Additionally, the empty building of Cemetery Lodge will continue to be a health and fire safety risk for the council to manage until a solution is agreed.