

Rother District Council

Report to: Cabinet

Date: 6 September 2021

Title: Housing Development; Community Led Housing Programme

Report of: Amy Fearn – Housing Development Manager

Cabinet Member: Councillor Byrne

Ward(s): Bexhill St Stephens, Bexhill Sidley, Southern Rother, North Battle, Netherfield & Whatlington and South Battle & Tellham, Northern Rother

Purpose of Report: To update Members on the Community Led Housing Programme and to recommend new approvals required to continue momentum with a programme of projects.

Decision Type: Key

Officer

Recommendation(s): It be **RESOLVED**: That:

- 1) the progress of the Community Lead Housing Programme in Rother be noted;
- 2) the Service Level Agreement with the Sussex Community Housing Hub be renewed for four years, for the sum of £100,000 on updated terms and conditions to be agreed by the Portfolio Holder Housing and Homes and Director of Place and Climate Change;
- 3) the remaining Rother District Council Community Housing Fund totalling £303,200.38 to be combined for both capital and revenue funding requests;
- 4) to agree in principle that the value of the covenant placed by the Council on land adjacent to 276 Turkey Road be removed, subject to an equivalent value provided in the form of land for additional affordable housing, over and above any Local Plan requirement, and that the Director of Place and Climate Change be granted delegated to agree the final terms;
- 5) in the first instance, the additional affordable housing to be offered to Bexhill Community Land Trust, to enable the affordable tenure to be secured legally in perpetuity;
- 6) the Director of Place and Climate Change be granted delegated authority to sell the site of Cemetery Lodge to Bexhill Community Land Trust and final terms of sale, for the purposes of delivering a Community Led Housing scheme, subject to achieving full planning permission and incorporating Cemetery Lodge as part of any final scheme; and
- 7) the Director of Place and Climate Change be granted delegated authority to sell the Land at Fairview, Guestling for the purposes of an affordable or

community led housing development subject to agreeable terms to the satisfaction of the Director of Place and Climate Change.

Reasons for

Recommendations: Housing Development seeks a number of approvals required to continue the important progress made by the Sussex Community Housing Hub, in partnership with the Council, to deliver a Community Led Housing Programme to grow the sector in Rother. This is with the overarching aim of increasing affordable housing supply in communities across the district, helping to address local housing need and towards achieving the Council's corporate housing priorities.

Introduction

1. The Community Led Housing (CLH) sector plays an important role in delivery of affordable housing in urban and rural communities where housing is genuinely affordable and supported by the community and held in perpetuity for future generations to benefit from.
2. The principle of CLH is embedded in the Council's corporate priorities (2020-2027). This includes increasing supply of affordable housing throughout the district. Additionally, to contribute towards the Council's 5-year land supply by end of 2023, by utilising Council owned sites for development, and by working with the Sussex Community Housing Hub (SCHH) and Registered Providers (RP) to bring forward applications on rural exception site schemes.
3. This report is to update Members on the progress of the CLH Programme since the last update in September 2019 (Minute CB19/44 refers) and to recommend new approvals required to continue momentum with a programme of projects. This is with the main objective of increasing the pipeline of CLH schemes and supply of new affordable housing provision across the district, to achieve the actions and targets included in the Housing Homelessness and Rough Sleeping Strategy (HH&RSS) (2019-2024).

The Sussex Community Housing Hub

4. In July 2017, Cabinet approved £100,000 of the Council's Community Housing Fund (CHF) allocation (totalling £748,899) towards establishing the SCHH managed by Action in Rural Sussex. This service was commissioned on a 4-year Service Level Agreement (SLA) (Minute CB17/04 refers).
5. The SCHH offers a 'one stop shop' for all forms of community led schemes. Providing essential support for communities across Sussex wishing to deliver CLH projects. This is achieved through advice, support and guidance and increasing knowledge, developing skills and building capacity to realise development opportunities. Please refer to Schedule 1 of Appendix A for more detailed information on the range of services provided under the SLA.
6. To continue the progress already made by the SCHH to develop a programme of CLH projects in Rother, the first recommendation seeks to renew the SLA for a further 4-year term. This will ensure we have the

specialist enabling services and technical expertise required to progress projects successfully, and crucially, provides funding at the predevelopment stage, where the SCHH is currently, most dependent on local authority funding.

7. Furthermore, the SCHH has recently taken the decision to become an RP. This presents a significant opportunity to expedite growth of the CLH sector across Sussex, as well as potentially, reducing the risk of delivering smaller Section 106 rural housing sites. By offering CLH groups the option to partner with a specialist CLH RP, this provides improved certainty of schemes coming forward with specialist knowledge and experience to progress sites at pace. Importantly, RP status is also a Homes England capital grant funding requirement, meaning CLH partnerships could benefit from access to grants. Renewal of the SLA will contribute towards the SCHH transition to become an RP, whilst developing the existing range of services available.

Rother District Council Community Housing Fund

8. Previous authority (Minute CB17/04 refers) approved the ring-fencing of £50,000 of the Council's total CHF allocation towards revenue funding requests. This sum is now almost depleted, utilised by the projects included in this report. To ensure sufficient funding remains available to support pre-development costs of new emerging schemes coming forward, it is recommended that the remaining CHF allocation (totalling £303,200.38) be ringfenced for both capital and revenue funding requests accordingly.
9. CLH groups applying for CHF from the Council will continue to be referred by the SCHH and should be able to demonstrate they have applied for other funding sources where available, to ensure we are spending the remaining allocation as economically as possible.

Performance Monitoring

10. In terms of measurable performance indicators, the HH&RSS commits the following targets to be achieved under Priority 1, (1.2) CLH Outcome 1 & 2 to include:
 - at least two community led schemes delivered by 2022/23;
 - at least 45 community led homes delivered, or in the pipeline of delivery by 2024; and
 - at least four CLH groups established in Rother, by end of 2024.
11. In summary, there are three key projects/schemes progressing. Two legally affiliated groups already actively working on projects, and at least one formal steering group supported by the SCHH. There is one housing scheme now delivering on site totalling 15 out of the 45-home target to complete before 2024, and an *estimated* 36 homes potentially in the pipeline as detailed in this report.
12. It is important to observe that progress of community led schemes and rural exception site housing is invariably slower than mainstream housing development. This often requires significant lead-in times and with factors outside the control of the SCHH limiting progress. To include for example, the time and pace at which a group can commit. More recently, this has included

the impact of the COVID-19 pandemic, which has presented significant challenges over the past 18 months, especially for new groups being unable to meet in person and who are less inclined to meet virtually for the first time.

13. Nevertheless, the CLH sector in Rother is growing and a programme of projects is well under way, with schemes now starting to emerge through the monitoring and delivery of the Council's Affordable Housing Development Programme. Future updates of the CLH Programme will be incorporated in the annual review of the HH&RS and reports will be provided to Cabinet where new authorities are sought to progress existing / new projects accordingly.
14. The remainder of this report provides a more detailed update of each project included in the programme towards meeting these targets.

Main Road, Icklesham

15. Main Road Icklesham, rural exception site is being delivered by Icklesham Parish Community Land Trusts (IPCLT) in partnership with Hastoe Housing. Construction started on site in June this year and is expected to complete during the summer of 2022. This is the first CLH scheme to be delivered in Rother, and the first new build CLH scheme to start on site in Sussex, since the SCHH was first established.
16. The scheme comprises of 12 homes for social rent and three shared ownership, providing 15 genuinely affordable homes for local people in perpetuity. This has remained a key priority for this project, led initially, by Icklesham Parish Council before the IPCLT emerged.
17. The scheme was successful with Homes England funding and the Council has committed £297,000 of capital CHF to support delivery of much needed social rented tenure.
18. In the interim, the SCHH has been working with IPCLT, Hastoe and the Council to agree the allocations policy and crucially, the procedure by which this accords with the Council's Housing Register and application process. This is also enshrined in the Section 106 for the scheme, which refers to the IPCLT Allocation Policy and agreed Local Lettings Plan.

Cemetery Lodge and Land Adjacent to 276 Turkey Road, Bexhill

19. Previous authority granted in September 2019 approved the sale of Cemetery Lodge site to Bexhill Community Land Trust (BCLT), for the purposes of delivering a CLH scheme, subject to progressing a planning application within 12 months, and if not delivered, to report back to Cabinet. The final terms of sale were delegated to the Executive Director at that time subject to recovering costs incurred by the Council in preparing the site for future development, and for the final sale value to be capped at no more than Existing Use Value (Minute CB19/44 refers).
20. In May 2021, the construction of the new entrance to Bexhill Cemetery on St Marys Lane to prepare the site for future development and to improve the former access was completed. The former entrance has now been closed

permanently to vehicle access, and the final landscaping plan is scheduled to take place during the planting season later this year, as approved by planning.

21. BCLT was formed on the back of this development opportunity, made possible by the Council owning the land at Cemetery Lodge. The SCHH has worked extensively with BCLT to become legally incorporated, developing a strong board, good community backing and a clear set of objectives they wish to deliver.
22. BCLT previously commissioned an architect to consider proposals for the Cemetery Lodge site, including a whole new redevelopment of the site to optimise the developable area available for new build housing. The SCHH and BCLT have since worked to broker a potentially much larger housing scheme with the adjoining landowner that would provide significantly more affordable housing. The scheme was redesigned on this basis with planning input.
23. A design workshop took place earlier this year with Planning to progress the scheme in more detail. A Heritage Statement has also been commissioned by BCLT for planning requirements, and to inform BCLT's decision to retain Cemetery Lodge as part of any scheme they deliver.
24. Members will recall that the adjoining land (land adjacent to 276 Turkey Road) is allocated in the Local Plan (BEX6) for some 30 dwellings and has been stalled for many years. This site is limited by a restrictive covenant benefitting the Council. The covenant was placed on the site when the land was sold by the Council to Gullivers Bowls Club (GBC) in 2002, for the sum of £70,000, for use as a bowls club. The covenant limits the land to that use. In 2003, GBC sold the site to a developer for the same amount. Agreement was later reached to release the covenant, but no development came forward and the release was never exercised. There have in recent years been attempts to agree a value for the covenant to be released, however, these negotiations have failed to conclude favourably. The covenant remains in place to ensure that any uplift in value generated by the subsequent change of use to housing, is realised by the Council.
25. In order to progress discussions with the adjoining landowner to bring forward a larger housing site, the SCHH negotiated a proposal in principle, whereby the landowner could offer the Council an 'equivalent value' for release of the covenant, in the form of land. This is with the view that the land would be used for the purposes of delivering affordable housing, additional to the current Local Plan requirement. The affordable homes would be transferred to BCLT for a nominal sum of £1 and secured in perpetuity by legal agreement, utilising the BCLT Financial Conduct Authority Registered Model Rules which provide an 'asset lock'. This essentially restricts the legal use of assets for the benefit of the community in perpetuity, as a registered community benefits society.
26. This innovative proposal would provide significant social value to the Council over and above the planning policy requirement of 30% onsite affordable housing provision to meet local need. Additionally, this would serve to unlock a stalled housing site to increasing supply in Rother. Contributing towards delivery against the CLH and affordable development supply targets included in the HH&RS, and our wider corporate priorities.

27. Based on indicative plans and initial pre-planning discussions, the whole site could deliver up to 39 dwellings and in the region of 56% to 70% affordable housing (to include the 30% onsite planning policy requirement). The indicative plan is included at Appendix B and has been provided without prejudice to the formal planning process, which remains at pre-application stage only.
28. To enable negotiations to progress and for both sites to come forward together, it is recommended that the above *principle* to release the covenant, be approved. With the final heads of terms to be delegated to the Director of Place and Climate Change, informed by an independent valuation and assessment of the 'equivalent value' proposal. Agreement of this principle will provide greater certainty to the landowner to sell the site for development, and for officers to negotiate the final terms concerning the appropriate number of additional affordable homes to be provided to release the covenant.
29. BCLT and SCHH previously submitted a revenue funding application to Homes England, with the Council agreeing to match fund. This bid was unsuccessful, due to the funding running out. Following the release of a new funding round a subsequent bid is now being prepared. If successful this grant will be used to proceed with a full planning application of the scheme, with or without the adjoining site.
30. For BCLT and the SCHH to continue investing time and money into this exciting and worthwhile project, a further recommendation is also required to replace the previous authority sought (summarised under paragraph 19? above). This is to request authority for the site of Cemetery Lodge to be sold to BCLT, subject to gaining full planning approval, to include Cemetery Lodge as part of any planning submission, and for the final terms of sale to be delegated to the Director of Place and Climate Change.
31. The the SCHH will continue to support BCLT in submitting their funding bid and finding an appropriate delivery partner for the scheme proposed. Progress of successfully combining the two sites to deliver a larger scheme will remain dependent on further negotiations concerning land value, with and without the covenant, and final agreement of an equivalent value of social housing land to offset the covenant accordingly.

Land at Fairview, Pett Road, Guestling

32. Land at Fairview was previously identified by Officers as a site potentially suitable for housing (Minute CB18/73 refers) with a resolution for a budget to undertake further feasibility work. On initial assessment officers considered the potential for some 14 dwellings. This is stated without prejudice to the formal planning process. The CLH Programme update in September 2019 subsequently approved a resolution for the SCHH to explore this as a possible CLH rural exception site opportunity, to support delivery of the CLH project included in the updated HH&RSS (2019-2024).
33. Following meetings with Pett Parish Council and Guestling Parish Council (GPC), the SCHH was recently commissioned to undertake a Housing Needs Survey to identify the extent of need in each parish and to gauge the general appetite for a CLH scheme. The survey was distributed to 1,129 households across both parishes with a 24% response rate. The outcome provided

positive results which indicate strong support for local needs affordable housing, with several residents wanting to know more about CLH and CLT. A significant affordable housing need was identified across both parishes, totalling 21 households.

34. In response to the survey, both parish councils have confirmed support in principle for an affordable housing scheme, with GPC taking the lead to progress this. Next steps are underway to arrange a public meeting to reach out to those wishing to know more/become involved in a CLH initiative. The SCHH will aim to formalise a steering group of volunteers at the earliest stage possible.
35. Land at Fairview will be considered in more detail as a priority for the group, among other sites suggested by responders of the survey, and in consultation with the parish councils. Advice will be required from Planning to consider the suitability of all preferred sites accordingly. If land at Fairview is the favoured site, this scheme will be progressed as a rural exception site scheme.
36. In the scenario a community group is not established, it is suggested that the SCHH continue their dialogue with GPC and in partnership with a preferred RP. This would be with the view of delivering a community supported scheme, evidenced from the outcome of the survey. This would be a similar approach to the rural exception site schemes delivered in Rother to include Ostlers Field, Brede and Shrub Lane, Burwash.
37. To progress a CLH affordable housing scheme in this area of Rother and to potentially utilise the availability of a Council owned site, otherwise designated as grazing land it is recommended that the land is sold. It is proposed that the Director of Place and Climate Change be granted delegated authority to sell the land to a legally affiliated CLH group, or RP and capped at up to agricultural value subject to achieving full planning permission, a detailed feasibility assessment and independent valuation of the site accordingly.

New Emerging CLH Projects:

Battle

38. The SCHH, in partnership with the Council, has been working with the community of Battle to establish interest for a possible CLH group. The main aim of this is to generate interest in the Blackfriars scheme being delivered by Alliance Homes in partnership with the Council.
39. Blackfriars is a 200-dwelling scheme that presents a significant opportunity for a community group to acquire some homes for local people in perpetuity and forming a CLH scheme. This could be in partnership with a RP (like Main Road Icklesham) or as a standalone community group.
40. Despite the challenges of working remotely, the SCHH has successfully harnessed interest from the Battle community and established a formal Steering Group. The Battle Steering Group is now meeting regularly to consider options in terms of project aims, objectives and governance options. Battle Town Council has also been briefed in relation to this work.

41. Next steps will involve the SCHH supporting the Steering Group in becoming legally affiliated as a CLT, or other community group. Additionally, to explore in more detail the parameters they must work to, should they wish to progress a scheme at Blackfriars. Any final CLH scheme agreed on this site will be required to demonstrate appropriate long-term housing management arrangements (advised by the SCHH) and must remain deliverable within the wider scheme programme. This is to ensure the Homes England HIF funding milestones continue to be achieved, and the 200 new homes are delivered by summer 2023.

Northiam

42. Northiam Parish Council (NPC) has already acquired a 34 acres site in the village and has ambitious plans, with a range of possible uses to include a local needs affordable housing scheme. NPC has also established a Community Group to manage the site and has been in early discussions with the SCHH for practical advice and support to deliver their housing aspirations.
43. This has progressed to the SCHH being commissioned to undertake a Housing Needs Survey to better understand the needs of the village and to inform any future housing proposals for the site. The survey is expected to 'go live' later this year. The SCHH will continue to provide their range of services available to help the Parish progress a CLH scheme accordingly.

Conclusion

44. In summary, there are three main projects progressing under the CLH Programme in Rother, with 15 homes already delivering onsite, due to complete next year, with an estimated 36 affordable new homes potentially in the pipeline, and other projects emerging. This is significant progress demonstrating the commitment of the SCHH to growing the CLH sector in Rother, and towards achieving the Council's CLH targets included in the HH&RSS (2019-2024) and wider corporate objectives.
45. To continue the good progress of the CLH Programme in Rother, authority is sought to renew the SLA with the SCHH to continue providing the extensive range of services available to our communities, and critically, the expertise needed to ensure the success of these schemes. Additionally, several project specific approvals are required to enable progress, relating to use of Council owned land and release of a covenant on a historically stalled site.

Financial Implications

46. The financial implications are detailed within the body of the report. The funding committed by the CHF is already allocated for CLH purposes, with previously delegated authority. Financial decisions relating to sale of Council owned land, or land where the Council has a financial and legal interest in, will be informed by the Council's disposal procedures for seeking best value.

Alignment to Environment Strategy

47. Housing Development endeavours to build more sustainably as committed in our adopted HH&RSS under Priority 3 (3.1 and 3.3). This considers reduction in fuel poverty and use of Modern Methods of Construction. Taking a fabric

first approach to new build housing where feasible, to deliver Council owned sites, as well as working to achieve this with our housing partners, to include RPs and CLTs.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	External Consultation	No
Environmental	Yes	Access to Information	No
Risk Management	No	Exempt from publication	No
Report Contact Officer:	Amy Fearn - Housing Development Manager		
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Appendices:	A – Schedule 1 - Services provided by the SCHH B – Cemetery Lodge/Land adjoining 276 Turkey Road		
Relevant Previous Minutes:	CB17/04 / CB19/44 / CB18/73		
Background Papers:	Community Led Housing Project Cabinet report 3 July 2017 Community Led Housing Programme update Cabinet report 2 September 2019 Development of Council Owned Sites 11 February 2019 Cabinet report		
Reference Documents:	-		



SCHEDULE 1: THE SERVICES

Raising awareness and enabling: Via direct contact with individuals, groups and community based organisations, AIRS will enable local communities to understand what community led housing is, become aware of the different models and how these might provide long term community benefit . They will support communities that are considering setting up a Community Land Trust or other CLH model to enable them to understand both the potential and the feasibility.

Business planning: Facilitating the community group's vision for the project, considering an appropriate model of community-led affordable housing, exploring the implications for capital and revenue funding etc. Providing information and advice on funding, finance, development and management and assist with funding applications.

Technical assistance: To provide technical assistance for CLH groups that have been established in relation to finance and development issues in particular. Enabling groups to make informed choices by providing a full suite of processes, tools, templates and options.

Delivery of community led affordable homes: To work with CLH groups to achieve the delivery of affordable homes that contribute to the sustainability of the community. Acting as an intermediary between professionals/local authorities and community groups to facilitate understanding, constructive discussion, and decision making.

Legal formats and documentation: Consideration of appropriate legal entities such as a Community Interest Company, Community Benefit Society, Company Limited by Guarantee (with exempt charity status) etc. Help will be provided to draft the objects of, and to incorporate, the new entity.

Site identification and land acquisition: Advising on the site selection process and on the heads of terms between the community group and the landowner. Advising on the content and structure of a public meeting designed to win the support of the wider community for a recommended site. Recommending solicitors based on our experience of other projects. Providing template forms of option agreement and lease as necessary.

Planning issues: Supporting the community group in deciding the number, type, tenure and design principles of the proposed housing and to play a full part in promulgation of the planning application. Working alongside the LA and CLH group to agree the nominations process and facilitating discussions between the community, HA (if involved) and LA about the wording of the Section 106 agreement (where applicable) and ensuring that the community's preferences are incorporated as fully as possible.

Communication: Supporting the community group in its communications with the wider community as and when required, including as many public meetings as

necessary. Providing guidance on governance, management and community organising.

Project Management: Administering project team meetings; drafting agendas, chairing and taking minutes as required until the community group feels confident enough to take these on. Maintaining an up to date project plan which forecasts when all elements of a project will take place (example attached for a CLT/HA partnership). Supporting CLH groups throughout the development journey, including stand-alone CLTs, advising on all aspects of the development process. Acting as an intermediary between professionals/local authorities and community groups to facilitate understanding, constructive discussion, and decision making. Introducing project delivery partners and liaising with these.

Strategic advice: Researching ways of improving the social and financial return to community groups and advising on the implications of emerging initiatives such as the Government's Community Housing Fund.

Problem Solving: Helping to keep the project on track by problem solving as and when snags arise; ranging from how best to address budget shortfalls to occasional reductions in the capacity of volunteers.

Lobbying: Working with others in the Community-Led Affordable Housing sector to maximise resources and policy support for community-led projects, including relationships with MPs, civil servants and special advisers.

CEMETERY LODGE/LAND ADJOINING 276 TURKEY ROAD BEXHILL

