



Leicester  
City Council

**WARDS AFFECTED**  
*Latimer and Belgrave*

**FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**OSMB  
Cabinet**

**5<sup>th</sup> March 2009  
9<sup>th</sup> March 2009**

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**BUSM Affordable Housing - New Growth Point Funding**

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**Report of the Service Director, Planning & Policy, Regeneration and Culture**

**1. PURPOSE OF REPORT**

To note progress on a proposed affordable housing scheme at BUSM at Ross Walk and to include the New Growth Point funding allocation of £2 million in the Council's capital programme.

**2. SUMMARY**

2.1 New Growth Point funding has been allocated by the Leicester and Leicestershire Housing Market Area Board and confirmed by the Leaders Group towards the development of 119 affordable homes and basic development infrastructure for phase 1 of the BUSM housing scheme at Ross Walk in the Latimer Ward. The affordable housing will be owned by Leicester Housing Association-ASRA and Nottingham Community Housing Association.

2.2 The scheme provides an excellent opportunity to assist in delivering new affordable housing during a severe downturn in the housing market. The proposed investment of £13 million funding from the Homes and Communities Agency and £2 million from New Growth Point funds will contribute towards 'kickstarting' the development of the whole BUSM site where some 1190 homes are proposed in total.

2.3 Approval is sought to include the scheme in the Council's Capital Programme and proceed to enter into a legal agreement with the two housing associations to transfer the funding tied to key milestones in the delivery of the project.

**3. RECOMMENDATIONS**

Cabinet is requested to note this report and approve the inclusion of the New Growth Points funding of £2 million for the BUSM housing scheme in the Capital Programme over the 09/10 10/11 period.

**4. REPORT**

4.1 The proposed development scheme at BUSM, Ross Walk is part of the Abbey Meadows Regeneration Area and comprises some 1190 dwellings, mixed commercial uses, new public open space and community facilities. The scheme is in accordance

with the masterplan and supplementary planning guidance for the site and received outline planning permission, subject to completion of a Section 106 legal agreement, at Planning Committee on 27/08/08. A plan of the site is attached as [Appendix 1](#). The land is privately owned but phase 1 includes an affordable housing scheme of 119 units which will be owned by Leicester Housing Association-ASRA and Nottingham Community Housing Association.

4.2 The viability of housing schemes in the regeneration areas is marginal and subsequently affordable housing is often not able to be delivered. This is particularly the case in the current housing market. The housing scheme at BUSM would not come forward for development without public intervention, as confirmed through financial appraisal. Following discussion between Planning and Housing Officers at the Council, the Housing Corporation (now the Homes and Communities Agency), the landowners and the Housing Associations referred to in paragraph 4.1, a potential first phase scheme for this site was identified to deliver the following outcomes:

- 119 affordable dwellings including family houses (60%) to meet identified need in the Belgrave area.
- Assist in 'kickstarting' the delivery of the whole BUSM scheme by clearing buildings across a first phase area, delivering a first phase of houses and basic infrastructure, including roads and services to allow the private sector housing schemes to follow when market conditions permit.
- Build confidence and encourage development across the Abbey Meadows Regeneration Area.
- Contribute towards housing growth more generally.
- Use of brownfield land for new housing.
- Affordable housing to be at Sustainable Homes Code Level 3.
- Demonstrate a new approach to partnership delivery of housing schemes using New Growth Point funds.

4.3 A proposed funding package was assembled for a first phase project including £13 million from the Housing Corporation and £2 million from New Growth Point funding which is made available by Government to support housing growth activity in the City and County. Following consideration of a proposal at the Leicester and Leicestershire Housing Market Area New Growth Point Programme Board on 24/06/08, funding of £2 million split 50/50 over the years 09/10 and 10/11 was approved. Under the New Growth Points approval process this was subsequently endorsed by the City and County Leaders Group on 14/07/08.

4.4 Inclusion in the City Council's Capital Programme would normally take place in the new financial year at the time of refreshing the programme. However the landowners and Housing Associations wish to move forward as quickly as possible on the scheme and there is good reason for the City Council to move this scheme forward swiftly given the current housing market conditions and the need to encourage new housing growth. In particular the opportunity to bring forward new affordable housing (including some 60% family homes) in the Belgrave area provides a significant and unique opportunity in this area.

4.5 The New Growth Point funding would be made available to the two Housing Associations referred to above through a legal agreement which will include key trigger

points for release of the funding. The transfer of funding to the Associations (who will ultimately own and run the affordable housing units) will minimise risks in the project. The transfer will include release of funds at key trigger points to ensure delivery of the housing and this is currently subject to negotiation with the Housing Associations.

## 5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

### Financial Implications

- 5.1 Cabinet are able to approve additions to the Council capital programme up to £5m (subject to a maximum of £2.5m where corporate resources are at stake, which is not applicable here).

*Martin Judson, Head of Finance, extension 297390*

### Legal Implications

- 5.2 The Council has power under Section 2 of the Local Government Act 2000 (“Well Being”) to do anything that will promote the well being of Leicester, or people living in Leicester. “Well being” is defined in terms of social, economic, and environmental well being. Regard should be had to the Council’s Community Strategy.

It is suggested that the contribution from the Council, in terms of “well being”, is identified towards the assistance in “kick starting” the area, delivering basic infrastructure, environmental improvement and amenities, such as play areas and access to the Waterside. This would include the purchase of land and the demolition of industrial buildings.

Care will have to be taken to comply with the requirements for the giving of State Aid. It is proposed that this aid is seen as a “service of general economic interest” under the Commission decision of 28<sup>th</sup> of November 2005. In particular this will require a Grant Agreement with the RSL’s concerned. This form of State Aid, it should be noted, is treated as a form of compensation to cover costs incurred in discharging the “public service obligations”, and would take into account the costs to be incurred in the project, a reasonable profit on capital, but will also take into account all receipts and revenue earned from the project.

*Joanna Bunting, Legal Service, extension 296450*

## 6. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph references within the report
Equal Opportunities	Yes	4.3 - responding to specific housing needs in the Belgrave area.
Policy	Yes	Whole Report – supports delivery of planning/affordable housing policy
Sustainable and Environmental	Yes	Whole Report – reuse of brownfield land and planning conditions on energy efficiency and open space provision
Crime and Disorder	Yes	Whole Report – Planning consideration

Human Rights Act	No	Not at this stage
Elderly/People on Low Income	Yes	Whole Report – potentially through affordable housing provision

**7. BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972**

N/A

**8. CONSULTATIONS**

Public consultation as part of consideration of the planning application.

**9. REPORT AUTHOR**

Andrew L Smith:- Service Director, Planning Policy, Regeneration and Culture

Key Decision	Yes
Reason	Capital expenditure over £1,000,000
Appeared in Forward Plan	No
Executive or Council Decision	Executive (Cabinet)