



Leicester
City Council

WARDS AFFECTED
All Wards

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

**OSMB
Cabinet**

**7th April 2011
11th April 2011**

New Affordable Housing for Leicester 2011-2015

Report of the Director Housing Strategy and Options

1. Purpose of Report

- 1.1 To seek decisions on how the Council wishes to respond to the Government's new approach to enabling new affordable housing as set out in its "2011-15 Affordable Homes Programme Framework". **The Homes and Communities Agency deadline for receipt of "offers" to deliver affordable housing for the next 4 years is May 3rd.** These offers will need to specify the level of HCA subsidy required.
- 1.2 This framework provides the only opportunity to seek subsidy to develop affordable housing for the next four years. Although some details and issues are still not clear, it is crucial that Housing Associations and the Council meet this deadline or opportunities will be closed off. The Council will not be asked to enter into a binding contract until the final HRA settlement is confirmed, which is likely to be around January 2012.

2. Recommendations

- 2.1 That Cabinet confirms the affordable housing needs of the City for the period 2011-15 (Appendix 1).

Recommendations for Guidance to Housing Associations

- 2.2 That Cabinet confirms previous decisions on the principle of discounted sale of land at Saffron Velodrome and Whittier Road to appropriate Housing Associations (Appendix 2), subject to further reports being brought to Cabinet outlining the detailed terms of any proposed disposal.
- 2.3 That Cabinet agrees, in principle, to the discounted sale of the site at Conduit Street to an appropriate Housing Association, subject to a further report being brought to Cabinet outlining the detailed terms of any proposed disposal (Appendix 2).
- 2.4 That Cabinet agrees the principle of disposal of appropriate HRA sites at a nominal sum to assist in facilitating affordable housing development by HAs, subject to further reports being brought to Cabinet for approval outlining the detailed terms of any proposed disposal. (Appendix 3)

- 2.5 That Cabinet agrees the principle of the proposed disposal of the affordable housing elements of larger corporate sites as identified in appendix 3 for a nominal sum to assist in facilitating affordable housing development by HAs, subject to further reports being brought to Cabinet for approval outlining the detailed terms of any proposed disposal. (Appendix 3)
- 2.6 Should the Council decide not to make an offer to build new Council homes or if the Council's offer is not accepted, Cabinet agree, in principle, to the discounted sale at £1 of the sites at Hamelin Road and Saffron Depot to appropriate Housing Associations, subject to further reports being brought to the Cabinet outlining the detailed terms of any proposed disposal. (Appendix 3)
- 2.7 That Cabinet considers the principle of a discounted sale of further land at Mundella, Laburnum Avenue, Manor Farm and Benbow Rise or its use for Council building. This would form a second phase of affordable housing at those locations effectively extending the provision beyond planning requirements being sales at less than best consideration and providing a loss of opportunity to achieve capital receipts to the Council from the alternative of sale for private housing. (Appendix 3 and Paragraph 7.10). Officers shall explore the opportunity for netting off this cost against other sites.

3.0 Summary

- 3.1 The Government has introduced a new approach to providing subsidy for new Affordable Housing, set out in "2011-15 Affordable Homes Programme Framework" (Department of Communities and Local Government and Homes and Communities Agency). The system will be administered, as now, by the Homes and Communities Agency (HCA).
- 3.2 Developers, including Councils and Housing Associations must submit "offers to develop" to the HCA by May 3rd. Offers which the HCA consider to be value for money and which Councils confirm meet their identified needs will be awarded a 4 year framework contract.
- 3.3 If we are to continue to enable even a small amount of new affordable housing in Leicester, the Council will need to accept that Housing Associations will charge Affordable Rents on their new build and some of their relets.
- 3.4 The Council needs to decide if it wants to submit an offer to deliver more new Council houses and/or to fund conversions and extensions which will help reduce overcrowding. The implications of this are set out in a separate confidential report on this agenda.
- 3.5 The Council needs to indicate its likely attitude to disposing of land at a nominal sum to Housing Associations for the development of affordable housing over the next 4 years.
- 3.6 With the housing market continuing to be slow, it is unlikely that there will be a significant amount of S106 affordable housing completions over the next four years. That means that Leicester's likely volume of affordable housing opportunities/outcomes will largely reflect the schemes/sites put forward by Housing Associations and the Council. If funding is secured for the sites already owned by the HAs and the Council owned sites listed in appendix 3, Leicester could see at least 300 new affordable housing completions between April 2011 and March 2015 (the final figure depends on both the amount of HCA subsidy/outputs that successful partners expect to deliver in

Leicester and the success of the Council in bringing forward the sites/opportunities listed in appendix 3 early enough). This would be less than half the amount delivered in the last four years, and is by no means certain.

- 3.7 This report proposes that the Council indicates to Housing Associations that in principle some discounted land will be made available over the next four years. The HAs need this indication now in order to develop their Business Plans and make offers to develop.

4. **Background**

- 4.1 Except where a private developer under a S106 Agreement provides sufficient cross subsidy, affordable housing will require public subsidy. This is usually provided by grant aid from the Homes and Communities Agency (HCA), and often through sale of land at a nominal sum. The balance of the development costs is met by the Housing Association (or by the Council for our own new homes) through borrowing. Repayment of the loan can then be made from rents. Sometimes a Housing Association will also put in capital resources from their reserves, etc.
- 4.2 The HCA's national 'pot' for grant aid will be 50% less than over the previous 4 years, and 50% of that is already committed. Ministers want to make it go further by reducing the amount of grant for each scheme. There will be no local, sub-regional or regional allocation of grant. Allocations will be made for a 4 year broad programme of affordable housing outputs to Developers, Housing Associations and Councils who "offer" the best value for money. There will be no consideration of individual scheme/site bids outside of these offers of broad programmes.
- 4.3 In the years April 2008 – March 2011, the Council enabled the completion of 670 new affordable homes. Funding has been secured for a further 242 to be completed in 2011/12. (The completion of the 146 new Council homes is included within these figures) Only 2 new affordable homes are secured so far for 2012/13.

5.0 **The New Framework**

- 5.1 The elements of the new system, which is broadly the same for both Housing Associations and Councils who wish to build, are as follows:

Affordable Rent

- 5.2
- An affordable rent will be greater than a social rent and *up to* 80% of the gross market rent (ie including any service charges).
 - The HCA would wish to 'explore' reasons why it should be less than 80%.
 - Market rent will be determined *for each property type on each site* individually using RICS valuation methods. The difference between an affordable rent and a social rent will therefore vary across the City.
 - Housing Benefit payments for Affordable Rent will be based on the actual rent charged (ie not subject to Local Housing Allowance rules). Where tenants are eligible for Housing Benefit it will continue to be paid in full subject to the means test, in the same way as for social rented properties at present.

- Affordable Rent rises will not be part of rent restructuring, but will rise at RPI + 0.5%.
- The Government propose that Affordable Rent is a form of social housing for planning purposes.
- The Affordable Rent properties will be nominated to or allocated using the Council's Housing Allocation Policy and advertised on HomeChoice. Prospective tenants will therefore know the rent charged when they express an interest (bid).
- The element of increased income from Affordable Rent must be used to fund that scheme or further new Affordable Rent units (or conversions, extensions or other agreed developments).
- Only partners (HAs and LAs) which are successful at securing contracts with the HCA to provide new affordable housing will be able to charge Affordable Rent. HAs and Councils which do not submit offers to the HCA or do not have their offer accepted by the HCA cannot charge Affordable Rent on any of their housing stock.
- Councils who convert to Affordable Rents will still retain the option of offering lifetime tenancies (ie do not have to use new powers to offer "flexible" short term tenancies).

5.3 **Affordable Rents on New Build**

In order to reduce the amount of grant needed on each scheme the HCA **expects** that the new properties will be let at the new "Affordable Rent" (social rents will only be possible in limited circumstances, eg where existing tenants are returning to a regenerated estate).

Affordable Rents on Relets

- 5.4 The HCA also expects Housing Associations and Councils who wish to develop to "convert" a proportion of existing social rented properties to Affordable Rent when they become vacant and available for reletting. The Council or RSL will need to use the additional rent to finance the new supply.
- 5.5 It seems most unlikely that any schemes will be funded via the HCA in the City without using the new Affordable Rent for both new build and relets.
- 5.6 Under this new approach, there is no guarantee of new HCA funded affordable housing within any particular local authority area. Therefore, successful HA partners may need to charge affordable rent on an agreed proportion of their relets in Leicester, but their new supply might be outside of Leicester. The City Council has no power to prevent HAs from doing this.

Making an "Offer" to deliver new affordable homes.

- 5.7 Any provider (Council or Housing Association) submitting an offer to the HCA must clarify which geographical area(s) their offer covers. The HCA has identified the level at which such geographic areas should be identified. Leicester City is within the area defined as the Leicester, Leicestershire and Rutland Housing Market Area. Offers only need to identify the local authority area and site where firm schemes are included. Otherwise, the offers to be made to the HCA by May 3rd can be to deliver a stated

number of affordable homes over the whole of the next 4 years across Leicester, Leicestershire and Rutland.

- 5.8 There is £2.2bn available nationally. The bulk (£1.8bn) of the available money is for new affordable homes (including supported housing). There is also money for Mortgage Rescue (£0.22bn), Empty Homes (£0.1bn), Homelessness Change Programme (£0.03bn) and Traveller Pitch funding (£0.06bn). "Offers" will need to set out the number and type of homes that the provider can deliver and how value for money will be achieved by using affordable rents, land and any other resources available to the provider and what funds are required from HCA. The HCA will then enter into a framework contract in a standard form required by the HCA for the delivery of that supply. At the time of writing a copy of the contract has not been issued.
- 5.9 If the Council wants to continue building or bid for subsidy for conversions, extensions or travellers pitches it must submit its offer by May 3rd. However, the HCA does not expect the Council to enter into a framework contract until after the final HRA settlement and borrowing headroom is confirmed later in 2011/12. For a Council contract, start on site would begin after April 2012 and 'converted' Affordable Rents would start on the number of relets which were agreed in the contract.

6.0 **Affordable housing needs for 2011-15**

- 6.1 The Council must let the HCA and potential developers know the City's needs for the next four years and the types of development the Council will support. This can be fairly specific for the first two years and more general for the last two years. The broad needs have already been agreed by the Leicester and Leicestershire Leadership Board and set out in the Leicester and Leicestershire Investment Plan (although this is not binding). Appendix 1 summarises the needs.
- 6.2 Provision of affordable housing for vulnerable groups underpins many of the Council's other policies and aspirations for the City.

7.0 **Council Guidance to Housing Associations**

- 7.1 More detailed information is needed by Housing Associations who propose to submit offers to develop where their business plan envisages some of that development being in Leicester.
- 7.2 Housing Associations need to describe numbers and types of affordable rent homes that they propose to develop and what subsidy they require. In order to prepare their business plans they need some indication of the resources they can expect from Councils.
- 7.3 Housing Associations have asked what the City Council's stance will be towards seeking developer contributions from Housing Associations' future new affordable housing schemes. Officers have informed them that at Leicester, the Planning Authority makes its decision on required developer contributions (eg for infrastructure, open space, education, etc) when considering each individual planning application against the Council's approved policies including, where relevant, its impact on the viability of the scheme. Housing Association schemes are treated this way.

Identified Housing Association Schemes

- 7.4 Housing Associations already own 64 plots in the City which we expect them to include in their offers and which they would hope to build out in the first two years. To build more they will need to acquire land from the Council and/or acquire land or buildings on the private market (eg within the Leicester Regeneration Area). The HCA own some land in Waterside Area, however, it is not expected to be developed within this plan period. Officers are asking HCA how they will deal with their land.
- 7.5 The Council has already agreed in principle to dispose of areas of land for a nominal consideration by way of Council contribution to enable provision of Affordable Housing. RSLs have invested resources in developing schemes in response to this. (See Appendix 2)

The Council has been asked if it will, in principle, be prepared to continue to make this land available in the event that they submit offers under the new framework which will rely on Affordable Rents.

Future Discounted Land and release of parts of larger sites

- 7.6 For a number of years, the Council has sold HRA land at a discount (usually, but not always, for £1) to enable affordable housing. In response to the previous Government's additional investment known as the Housing Pledge the Council built on 146 plots of its own land and also disposed of discounted land on parts of larger sites to 2 Housing Associations providing a further 63 plots. It is recommended that these principles be used on other suitable HRA and corporate sites subject to further reports to Cabinet for approval when terms for individual sales agreed.

This approach maximised HCA and RSL investment in the City.

- 7.7 The contribution of the Council by way of the provision of land for the development of affordable housing would be likely to make an HAs overall offer more competitive, making it more likely they would be successful in obtaining a contract. Further, the guidance to authorities as set out in the Government's Framework, envisages that the Council will be receptive to using land identified as suitable for the development of affordable housing, when entering into dialogue with HAs in formulating their bids. However, there are many other variables that would need to be taken into consideration in respect of the formulation of bids, including which existing stock they choose to "convert" to affordable rents and where they choose to invest the proceeds.
- 7.8 Cabinet will recall the recent examples at Manor Farm and Benbow Rise where corporate land has been sold at a discount to HAs to enable development of affordable housing. These examples are where the Council owns a larger housing site and the release of the affordable element, in accordance with planning policy, has allowed early start on site, has opened up the sites with infrastructure and enables the Council to sell the balance of the site for private housing without detriment to the overall receipt expected for the site in the future. These sales have resulted in 63 new affordable homes being commenced.
- 7.9 To enable HAs to make as successful a bid as possible, it is now recommended that the principles involved in previous disposals of the affordable housing elements of larger development sites are agreed for other suitable sites (as identified in Appendix 3). Disposals could be for a nominal sum where the affordable housing provided is in accordance with planning policy and the sale is not detrimental to the total receipt

anticipated across the whole site, and the land would constitute the Council's contribution to the development of affordable housing. The detailed terms of proposed disposals on each site will be brought to Cabinet for decision. Cabinet will also be able to take into account, for each site, the capital implications of sharing of infrastructure costs (to be paid on sale of the balance of land or a long stop date) and other relevant issues.

- 7.10 The progress of the affordable housing schemes at Manor Farm and Benbow Rise and the Council houses at Mundella and Laburnum Avenue has opened up the remainder of the sites for private housing for which outline planning consent exists. It is intended that this land be marketed when the market improves and receipts in the region of £750,000 per acre could be anticipated. However there is the potential that the Council could allow HAs to bid for an extension of the affordable housing in these locations which the infrastructure that has been provided would make practically quite straight forward to achieve. Sale of this land at a discounted rate would be at actual financial loss to the Council and would result in the overall sites having a total of affordable housing in excess of planning requirements. This imbalance could then also impact on receipts for the sale of the remainder. Cabinet are therefore asked to consider the principle of including these sites into the bidding process in the light of the financial implications. Should the principle be accepted then the terms of any sales would be subject to a further Cabinet report. Officers will explore opportunities for netting off this cost against other sites.
- 7.11 Appendix 3 sets out identified Council land that is allocated for residential use that would be developable over the next 4 years and recommends how we use that land.

8.0 HCA subsidy on S106 sites

The HCA has confirmed its expectation that S106 schemes can be delivered with no HCA subsidy for affordable housing. The amount of affordable housing on private developments will therefore depend on the viability on each site, which will be determined when individual planning applications are made.

If HCA funding is requested on S106 sites, the HCA would expect to see evidence that its funding would result in the provision of additional affordable housing which would not otherwise be delivered, including evidence from the local Planning Authority's viability assessment.

9. **FINANCIAL, LEGAL AND OTHER IMPLICATIONS**

- 9.1 **Financial Implications** Rod Pearson, Head Finance (Health & Wellbeing) Ext 29 8800, Graham Troup, Principal Accountant Ext 29 7425 and for para 9.1.5 Nick Booth, Principal Accountant Ext 29 7460

9.1.1 The report gives details of the Government's new approach to facilitating new affordable housing over the period 2011-2015.

9.1.2 Capital receipts from the sale of housing land are 100% reusable to finance the City Council's capital expenditure, and are currently used towards the financing of the Housing General Fund Capital Programme. This includes Disabled Facilities Grants where there is currently a substantial backlog. Therefore, in agreeing any proposals to offer land to Housing Associations at a discounted or zero cost, Members should be

aware that there will generally be an "opportunity cost" in depriving the Housing General Fund Capital Programme of the foregone value of the land, particularly since the Government is no longer providing any grant-support for the private sector decent homes programme after 2010/11. The alternatives should be considered before any decision is taken to discount land for affordable housing purposes.

- 9.1.3 A separate report gives details of the support that may be available from the Homes & Communities Agency (HCA) towards local authority new builds (or conversions) under the new arrangements. In general, the level of capital grant will be substantially less than that received on the current new build schemes, although viability will be improved by the HCA requirement for "affordable" rents (ie 80% of market rents on comparable properties) to be charged on the new properties. Also, subject to HCA agreement, local authorities will be able to charge "affordable" rents (or some other level of rent above standard HRA rents) on properties in the general HRA stock when they are relet, in order to further improve the viability of new build projects.
- 9.1.4 A number of illustrations of possible new build or conversion schemes are given in a separate report, along with details of the impact on HRA rents of various options. It should be noted that full details of the new "self-financing" system for the HRA (effective from 2012/13) are still awaited, and no commitments on the HRA should be made until these have been fully evaluated.
- 9.1.5 The capital receipt from the Queensmead site has been earmarked towards the CYPS capital programme which has already been committed.

9.2 **Legal Implications** John McIvor, Team Leader, ext 297035 (Property & Development), Legal Services

- 9.2.1 As explained in the body of the Report, the Affordable Housing Programme makes significant changes to the procedure for making applications for funding, and in respect of the levels of rent that may be charged. In particular, the Council will need to have regard to the requirements of Section 5 (Programme Requirements), and 6 (Programme Management) in considering any proposals for funding bids. Although a copy of the standard contract has not been received, careful consideration will need to be given to the terms of the contract once it is available, and the potential implications for the Council, especially in respect of any potential clawback provisions.
- 9.2.2 The Report sets out the approach that local authorities may wish to adopt when considering supporting bids by HAs. The Council should consider this in the light of its general strategy and programme of asset management and disposals, and in particular the Framework for the Disposal of Property adopted by the Council in 2003. The Council will also have to have regard to its general fiduciary duty to its taxpayers, and any relevant procurement rules. With regard to the proposed disposals referred to in Recommendation 2.7, Members will have to consider whether or not the potential loss of the capital receipt as outlined in paragraph 7.10 is in the interests of the Council, having regard to all the circumstances of the matter at the time that any formal report is presented, and with regard to the advice contained in any future report. The Council will also need to be satisfied that the site is suitable for use as affordable housing in planning terms.

9.2.3 In considering a proposed disposal of land for a nominal consideration as outlined in the Report, The Council will need to have regard to the relevant powers of disposal. Under the terms of s.123 of the Local Government Act 1972, the Council is required to obtain the best consideration reasonably obtainable. The Government has however issued the following General Consents:-

(a) The 2003 General Consent permits the sale of land at less than best consideration, where the authority thinks that the proposed disposal will contribute to the social, economic and environmental well-being of the authority's area.

(b) The 2005 Housing General Consents permit the disposal of HRA land, for which the prior consent of the Secretary of State is not required for disposal.

Officers will need to consider and to identify whether these Consents will apply to proposed disposals.

9.2.4 Officers will need to ensure that the terms of any land transactions contain appropriate provisions for the protection of the Council's retained land, particularly in respect of the disposal of the affordable housing elements of larger development sites.

9.2.5 Officers in Legal Services will continue to work with and to provide advice to officers in respect of the legal issues arising from the Programme, and in respect of the proposed land disposals outlined in the Report.

9.2.6 Of particular relevance to land and property disposals are Sections 5.12 and 13. These state that providers should work in partnership with public sector landowners to deliver affordable housing. In particular, providers may wish to look for opportunities to enter into long-term arrangements with public sector landowners to build out their land banks. Providers carrying out developments on land owned by the public sector should aim to minimise other forms of subsidy such as HCA funding. Where a public body is unwilling or unable to transfer the land for free or for a nominal capital receipt, then it should be willing to share in the risks of development, with the deferred value to be realised over the lifetime of a project. However it should be stated that these proposals will need to be considered in the light of the authority's own strategy for asset management and disposal.

9.3 **Climate Change Implications**

Increasing the number of homes in Leicester will inevitably lead to an increase in city-wide carbon emissions. However, if the decision is taken to develop new housing measures can be taken to try and minimise the carbon emissions generated by these homes. Previous projects completed with HCA subsidy have been required to meet level 4 of the Code for Sustainable Homes (assessing the sustainability of a home against 9 areas including energy/CO₂) which goes some way towards ensuring that carbon emissions are kept to a minimum.

Helen Lansdown, Senior Environmental Consultant - Sustainable Procurement

9.4 **Other Implications**

OTHER IMPLICATIONS	YES/ NO	Paragraph/References Within the Report
Equal Opportunities	NO	
Policy	YES	Throughout
Sustainable and Environmental	YES	10.3
Crime and Disorder	NO	
Human Rights Act	NO	
Elderly/People on Low Income	YES	Appendix 1. (Extra Care) and throughout. Affordable Housing is provided for those who find it difficult to access market housing
Corporate Parenting	NO	
Health Inequalities Impact	YES	Appendix 2. The reduction of severe overcrowding is an action within the Health Inequalities Plan

10. Background Papers – Local Government Act 1972

- 10.1 Report to Cabinet meeting on 9th November 2009, entitled ‘Disposals of Residential Land to Housing Associations’.

11. Consultations

- 11.1 The Affordable Housing Programme Board has discussed the Government’s Framework and Housing Associations identified where they needed guidance and decisions from the Council in order to include proposals to deliver affordable housing in Leicester within their offers to the HCA.

12. Report Authors

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Affordable Housing Needs in Leicester 2011-15

Earlier this year the Leicester and Leicestershire Leadership Board agreed the draft Leicester and Leicestershire Local Investment Plan (LIP) which sets out the focus for investment to support housing growth and infrastructure investment to support growth in jobs.

Housing Associations and others are encouraged to seek to address these needs when they submit their offers to the HCA.

Leicester City identified the following themes and schemes that would need HCA funds for affordable housing:

1. **New sustainable communities**

Ashton Green

East Hamilton

2. **Strategic Regeneration Area**

Abbey Meadows

Donisthorpe

Waterside (Northgate) (HCA own land here)

3. **Existing Neighbourhoods**

Braunstone

New Parks

Saffron

Eyres Monsell

Beaumont Leys

Inner Area Neighbourhoods

Neighbourhoods in East Leicester

4. **Themed Priorities**

Affordable housing throughout the City

Gypsy and Travellers provision

Improvement to existing stock

Supported Housing including Extra Care (see below)

Empty Homes (private sector)

Non decent homes (private sector)

The framework does not cover non-decent homes in the private sector, and a separate announcement will be made later on bringing private empty homes back into use.

General needs Housing: mix and type

The Affordable Housing SPD and the Strategic Housing Market Assessment 2008 sets out the type of general needs housing required.

SHMA's affordable housing annual type/size profile for the next 7 years for Leicester:

Social Rent			
1 bed	12	2%	General needs
2 bed	295	37%	4 (1%) upsizing general needs flats 67 (9%) downsizing flats/bungalows 145 (18%) general needs houses 79 (10%) older households
3 bed	222	28%	23 (3%) general needs flats 199 (25%) general needs houses
4+ bed	32	4%	General needs
<i>Sheltered/Supported*</i>	30	4%	Sheltered/supported
Total	591	75%	
Intermediate			
1 bed	4	1%	General needs
2 bed	97	12%	General needs
3 bed	77	10%	General needs
4+ bed	21	3%	General needs
Total	199	25%	
Overall total	790	100%	

* This figure is not used by the Council as ASC have more detailed evidence base available

Gypsy and Traveller Pitches

Leicester City Council's Core Strategy for Development refers to the 2007 assessment of Gypsy and Travellers needs which identified that the City should provide 24 residential pitches, 10 transient pitches for gypsies and travellers and 3 plots for travelling show people by 2012.

Extra Care/Supported Housing

Housing Associations will be given more detailed guidance on the supported housing requirements for 2011-2015 to support Adults and Social Care proposals/budget. These are 4

x 30 self contained units in an Extra Care setting and 200 self contained flats with support in mixed communities. Experience with Wolsey Building in Belgrave will inform the balance between 1 and 2 bedroom flats required and the proportion that are fully wheelchair adapted. Analysis is also being done about which potential locations might best address demand.

Hostels

The Council will consider whether any proposals from Voluntary Sector or Community Groups for improvements to hostels are in support of the Council's Homeless Pathway Model.

Mortgage Rescue

The Council wishes to see a Mortgage Rescue Scheme continue in the City.

Empty Homes

The Council has a pro-active strategy for bringing private empty homes back into use and would welcome schemes that make some available for social letting at affordable rent.

Conversions/Extensions

The Council has a pro-active strategy in seeking to address overcrowding and would welcome any schemes that seek to address this via extensions/conversions.

Existing Cabinet decisions on principle of land sales at a nominal sum where a Housing Association has began preparatory work

a) Conduit Street (Extra Care)

A Housing Association has been in discussions with the Council to bring forward a supported housing scheme at this site. There have been pre-planning meetings, but apart from staff time, the Association has not yet incurred costs in pursuing this proposal.

b) Former Whittier Road Allotments (36 Houses)

In November 2009, Cabinet approved the principle of selling land within four potential residential development sites, including the Whittier Road site, to appropriate Housing Associations for a nominal sum and that the land to be subject of the disposal would comprise of up to the amount of the affordable housing requirement sought under planning policies. The reason for seeking this approval in November 2009 was to enable Housing Associations to bid for new schemes in Leicester from the "Housing Pledge". Both the bidding and delivery timetables for this extra funding were extremely tight. Under this approval, a Housing Association was selected to prepare a scheme for 36 homes on the former Whittier Road allotments site. Once early pre-planning discussions were held, it quickly became clear that this site required a longer lead-in time than the funding opportunity could then allow. The Housing Association are still very interested to continue with their proposals for this site and would wish to reflect this site within their 'offer' to the HCA for new affordable housing supply 2011-15 on the basis of charging affordable rents.

c) Former Velodrome site, Saffron Lane (20 Houses)

In November 2009, Cabinet approved the principle of selling land within four potential residential development sites, including the Saffron Velodrome site, to appropriate Housing Associations for a nominal sum and that the land to be subject to the disposal would comprise of up to the amount of the affordable housing requirement sought under planning policies. A Housing Association was selected to prepare a scheme for this site and completed detailed pre-planning application discussions and submitted its bid for HCA funds within the required timetable. The H.A. was unsuccessful at securing funds from the enhanced 2009/10 HCA programme and submitted a more competitive bid to the HCA for 2010/11. Unfortunately, the cuts made to the HCA programme last year have meant that no new schemes have been approved for HCA funds in Leicester in 2010/11.

The Housing Association is very interested in pursuing its scheme at this site and would wish to reflect this site within its 'offer' to the HCA for new affordable housing supply, 2011-15.

Its scheme would take up 20% of the available development site and would consist of a total of 20 affordable housing homes (16, 2 bedroom and 4, 3 bedroom).

The H.A. advises that it intends to bid, on the basis of charging the Affordable Rent because the scheme would require too much HCA subsidy if the former social rent levels are assumed.

In progressing this scheme the Housing Association has, in good faith, already incurred costs. If the scheme is aborted, the H.A. will also have to be responsible for the cost of ground investigation works carried out by its contractor.

The Affordable Rent will be fully eligible for Housing Benefit.

Summary of Council owned residential land that could be made available for housing completions 2011-2015, via disposals to RSLs, grouped by the relevant recommendation to Cabinet

Site	Potential for affordable homes completions 2011-15	HRA/GF	Comment
1. Recommendation 2.2: That Cabinet confirms previous decisions on the principle of discounted sale of land at Saffron Velodrome and Whittier Road to appropriate HAs (Appendix 2), subject to further reports being brought to Cabinet outlining the detailed terms of any proposed disposal.			
Saffron Velodrome	20 homes	GF/Culture	See Appendix 3
Whittier Road	36	GF/Corporate	See Appendix 3
2. Recommendation 2.3: That Cabinet agrees, in principle, to the discounted sale at £1 of the site at Conduit Street to an appropriate Housing Association, subject to a further report being brought to Cabinet outlining the detailed terms of any proposed disposal (Appendix 3).			
Conduit Street	<40 units Extra Care Scheme	Housing General Fund	See Appendix 3
3.Recommendation 2.4: That Cabinet agrees the principle of selling appropriate HRA land, a nominal sum to facilitate affordable housing developments by HAs, subject to further reports being brought to Cabinet outlining the detailed terms of any proposed disposal. (HA's will be informed that only some of these sites will be available)			
Braunstone Backlands	26	HRA	Initial site assessments completed. Further investigations now required to bring forward scheme proposals.
Other HRA potential development sites.	25	HRA	e.g. ex-housing depot sites, further backland sites, etc.
4. Recommendation 2.5: That Cabinet agrees the principle of selling the affordable element of larger corporate sites as identified in appendix 4 at a nominal sum to facilitate affordable housing development by HAs, subject to further reports being brought to Cabinet outlining the detailed terms of any proposed disposal. (HAs will be informed that only some of these sites will be made available. Some may be used by the Council if an offer is successful).			
Queensmead School	13	GF/CYPS	Has previously been marketed, but in this housing market, response has been poor
Humberstone Road (road scheme clearance area)	5	GF/Highways & Housing General fund	Most viable development option would require acquisition of adjoining plots

Site	Potential for affordable homes completions 2011-15	HRA/GF	Comment
Ashton Green Phase 1	75	GF/Corporate	Site has outline planning approval and Project Board and management in place
Other LCC sites including redevelopment/conversions	25 or more	Housing and Corporate	Buildings surplus to requirement Other sites may well be identified during the next 4 years.

5. Recommendation 2.6: Should the Council decide not to make an 'offer' to build new Council homes or if the Council's offer is not accepted, Cabinet agree, in principle, to the discounted sale at £1 of the sites at Hamelin Road and Saffron Depot to appropriate Housing Associations, subject to further reports being brought to the Cabinet outlining the detailed terms of any proposed disposal.

Hamelin Road	10 homes	HRA	Full Planning approval
Saffron Depot	9 homes	HRA	Full Planning approval

6. Recommendation 2.7: That Cabinet considers the principle of a discounted sale of further land at Mundella, Laburnum Avenue, Manor Farm and Benbow Rise or its use for Council building. This would form a second phase of affordable housing at those locations effectively extending the provision beyond planning requirements being sales at less than best consideration and providing a loss of opportunity to achieve capital receipts to the Council from the alternative of sale for private housing. (Appendix 3 and Paragraph 7.10). Officers shall explore the opportunity for netting off this cost against other sites.

Further phases at sites where new Council house building has formed phase one on a larger site eg Mundella ex school site, Laburnham Road, Manor Farm and Bendbow Rise	To be explored (See 7.10)	Corporate	These sites have outline planning approval for entire site
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