

Committee: Cabinet

Agenda Item

Date: 22nd October 2015

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Title: Carnation Nurseries, Cambridge Road,
Newport

Portfolio Holder: Cllr Redfern

Key decision: **Yes**

Summary

1. The report provides details as to the affordable housing delivery options relating to the Bloor Homes development at Carnation Nurseries, Cambridge Road, Newport.
2. The Housing Board have considered the options and made the following recommendations to be taken forward to Cabinet:
 - a. **Not** to accept the offer of gifted units at the Carnation Nurseries site on the terms laid out in this report.
 - b. To consider all future offers of gifted units on a scheme by scheme basis, and in the same format.

Recommendations

3. That Cabinet decides as follows:
 - c. Whether the Council accepts the offer of gifted affordable units on the terms laid out in this report, and
 - d. Whether the Council should consider future offers of gifted affordable units on developments.

Financial Implications

4. Financial implications are detailed in the report.

Background Papers

5. The following papers were referred to in the preparation of this report:
 - None

6.

Communication/Consultation	Parish Council
Community Safety	N/A
Equalities	N/A

Health and Safety	The development will be undertaken with full compliance to Health and Safety Regulations.
Human Rights/Legal Implications	The option for the Council to accept gifted units is detailed within the S106, and therefore the legal processes contained therein will need to be complied with
Sustainability	N/A
Ward-specific impacts	Newport
Workforce/Workplace	Housing Development and Planning

Situation

7. This development by Bloor Homes consists of a scheme of 21 new homes in total. The scheme has received Planning Permission and has started on site. A 40% affordable housing contribution would constitute 8 units, which are located at plots 8 – 15 on the attached layout plan.
8. During S106 negotiations with the Planning Department, Bloor Homes suggested an option whereby they could gift the Council a number of affordable homes on the site, in lieu transferring the 8 affordable units to a Housing Association in the normal way. Due to the cost implications of gifting units, this would mean the delivery of a smaller number of units on site. It was agreed that the S106 would be written to allow this option to be considered by Members, but if rejected, would revert to the traditional 40 % affordable housing delivery via a Housing Association.
9. Bloor Homes have put forward their offer to the Council with regard to gifted units. This has been calculated on the basis that the land value, build costs, sales values, developers profit do not change from the “normal” delivery process.
10. The developer is proposing to gift UDC 3 affordable housing units, plus make a cash payment of £99,247. The other 5 identified affordable housing plots would then revert to being private sale housing plots for the benefit of Bloor Homes. The gifted plots in question are 13, 14 and 15, which equate to 1, two bedroom house and 2, two bedroom flats and equates to a 15% affordable housing provision.
11. Due to the nature development appraisals, it is impossible to balance precisely the swap of units between affordable and private. Therefore, this is reason for the cash settlement sum which is to be paid to UDC as part of the offer. Bloor did also provide an option for gifting the Council 4 affordable units, but this resulted in UDC making a £122,639 cash settlement to Bloor.

12. The 40% affordable housing scheme would provide accommodation for 26 people through a Housing Association. The proposed gifted unit scheme would only house 9 people.
13. However, the three gifted units would be let on affordable rents and would provide the Council with additional rental income of £22,000 per annum. This extra income could be used to fund the development of new Council homes through the Council's own development programme.
14. Members should also be aware that there are a number of proposed developments for Newport (yet to receive planning approval) that will provide affordable housing within the Parish, if approved. Alongside these, there is also the Council development at Reynolds Court that will provide 41 high quality sheltered housing apartments for older people.
15. Bloor Homes have also indicated a desire to offer the Council gifted affordable homes on their sites at Walpole Farm, Stansted and Flitch Green, Felsted. The offers for both of these larger sites are likely to be at a similar % level to Carnation Nurseries. Therefore, it would be helpful to have a steer from Members as to whether the principal of such offer is acceptable and worth exploring on a scheme by scheme basis.

Risk Analysis

16.

Risk	Likelihood	Impact	Mitigating actions
Not delivering 40% affordable housing on-site	1 Option contained in the S106	4 Fewer families in need of affordable housing are housed	Extra rental income to be invested in future affordable housing development.
Extra rental income not received	4 Affordable Housing provided by Housing Association	3 Less investment into affordable housing development	Investigate different ways of increasing affordable housing investment and delivery

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.