

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 2 FEBRUARY 2016

Title:

STARTER HOMES LOCAL AUTHORITY FUNDING PROGRAMME

[Portfolio Holder: Councillor Carole King]

[Wards Affected: Godalming Central and Ockford, Farnham Firgrove]

Summary and purpose:

The purpose of this report is to inform the Executive of the outcome of the bid for funding through the Local Authority Starter Homes Funding programme to prepare land to facilitate the development of Starter Homes on two small sites in Waverley and seeks approval to enter into a funding agreement with the Homes and Communities Agency (HCA) for the grant allocation of £124,000, approval to submit a planning application and approval to dispose to a private developer or build contractor.

How this report relates to the Council's Corporate Priorities:

This report relates to the Council's Corporate Priority of providing more affordable housing in the Borough for local people in housing need.

Legal Implications

Assistance will be required from the Legal Services team in relation to the investigation and preparation of the sites for Starter Home purposes. The legal support will include producing title reports for the two sites and assisting with the contracts for pre-commencement works.

Financial Implications

By entering into the two separate funding agreements with the HCA, the Council has a commitment to carrying out pre-commencement works in relation to the two sites.

1. Introduction

- 1.1 The Council has a long-standing commitment to delivering affordable housing in Waverley. One of the Government's objectives for housing is to enable more young people in home ownership by offering access to lower cost newly built market housing by building 200,000 Starter Homes, to be offered at a minimum 20% discount on open market value, in the next four years. The maximum open market value for a Starter Home is £250,000.
- 1.2 In October 2015, the Homes and Communities Agency invited bids from local authorities to bring forward sites for the development of Starter Homes. The grant is available for undertaking investigative works by March 2016 to make the site ready for development.

1.3 Land eligible for funding through this programme was expected to be:

- commercial, industrial, leisure or other non-residential institutional land which is either vacant, under-used or unviable in its current or former use, and
- not currently identified for housing in a local or neighbourhood plan or within the authority's 5 year housing land supply, and
- in local authority ownership.

1.4 During 2016/17, the Council would need to enter into an unconditional contract with a developer for the sale of the site and secure planning permission to deliver six Starter Homes.

2. **Bids**

2.1 Bids were submitted to fund pre-development costs on two small sites in Waverley at the former garage site in Aarons Hill, Godalming and land to the rear of 13 Ryle Road, Farnham to enable them to be brought forward for the delivery a total of six Starter Homes.

2.2 A breakdown of the bids is set out below:

| Scheme | No of Starter Homes | Site investigation costs £ | Remediation costs £ | Ecological works £ | Planning permission £ | Total £ |
|---------------|----------------------------|---------------------------------------|--------------------------------|-------------------------------|----------------------------------|--------------------|
| Aarons Hill | 4 | 20,000 | 50,000 | 8,000 | 8,000 | 86,000 |
| Ryle Road | 2 | 10,000 | 20,000 | 4,000 | 4,000 | 38,000 |
| | | | | | | 124,000 |

2.3 As the maximum open market value for a Starter Home is £250,000, the proposed schemes provide one and two bedroom homes. Based on initial pre-planning advice, the site at Aarons Hill has capacity for 4 x 1bed flats to the front of the site and the land at Ryle Road has potential for 2 x 2 bed houses.

3.0 **Delivery Timetable**

| Milestone | Date |
|---|---------------|
| Funding incurred on allowable costs for pre-development works | 31 March 2016 |
| Site remediated and ready for the development of Starter Homes | 31 March 2017 |
| Planning permission achieved for Starter Homes development | 31 March 2017 |
| Unconditional contract entered into by the Council with a developer or build contractor for Starter Homes development | 31 March 2017 |
| Commencement of start on site works related to Starter Homes | 31 March 2018 |
| Starter Homes practically completed | 31 March 2019 |

4.0 Disposal

- 4.1 The grant funding enables the Council to carry out pre-development works to bring the sites forward for development. When each site is ready for development, the Council will dispose of it to a developer or build contractor, for the construction and sale of Starter Homes.
- 4.2 The Council will market the site to achieve best consideration, subject to planning consent. Planning permission will be sought in partnership with the successful bidder.
- 4.3 The provision of Starter Homes will be secured through a planning obligation, under section 106 of the Town and Country Planning Act 1990. This will bind the developer to offer the homes to a first time buyer under the age of 40, for a discount of at least 20% up to a maximum of £250,000. Restrictions will exist to preventing the homes being resold or let at their open market value for 5 years, following the initial sale.
- 4.4 The capital receipt generated from sale of the land will be re-invested in the New Affordable Homes Programme.

5.0 Conclusion

- 5.1 The Homes and Communities Agency has awarded the Council a grant of £124,000 to bring two small sites forward for the development of six Starter Homes, subject to signing a funding agreement.
- 5.2 The allocation of funding through the Starter Homes programme will enable the Council to bring forward these sites without incurring any costs. The sites can be sold to developers for best consideration and the capital receipt re-invested in the New Affordable Homes Programme.

Recommendation

That the Executive recommends to the Council that:

1. the funding agreement with the Homes and Communities Agency be signed to enable the grant allocated through the Starter Homes Programme to be received;
2. approval be given for a planning application to be submitted in due course; and
3. approval be given for the disposal of the site for Starter Homes at best consideration to a private developer or build contractor, subject to final agreement on price with the Portfolio Holder for Housing and the Director of Finance and Resources.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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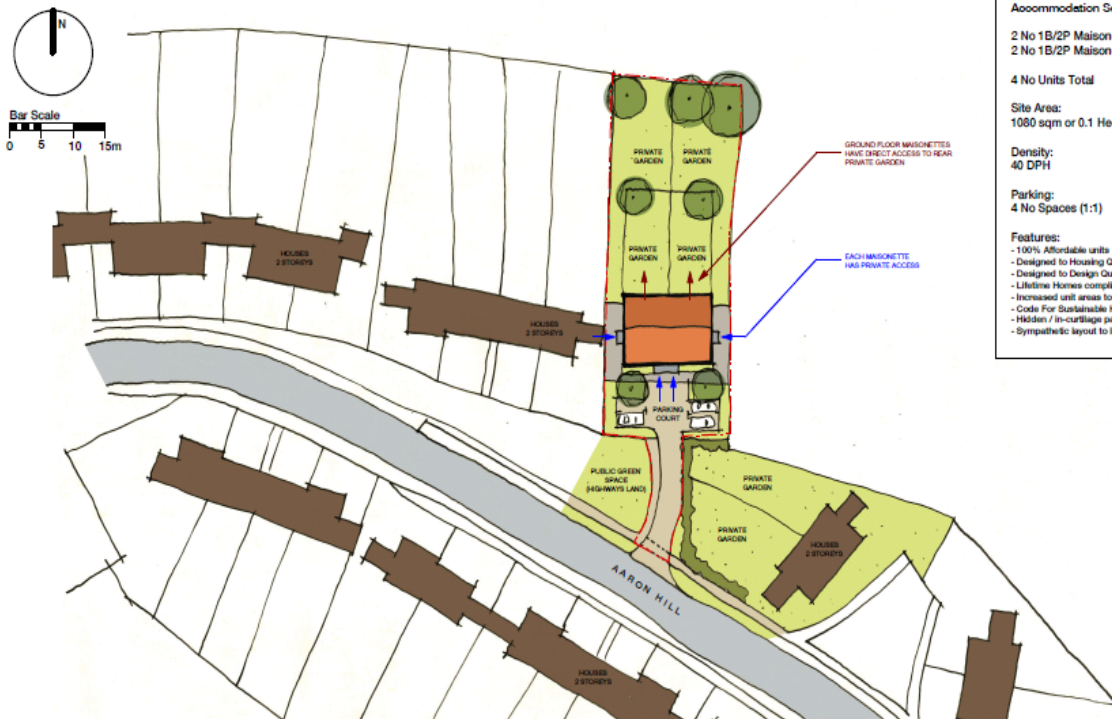
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Site plan for land adjacent to 85 Aarons Hill, Godalming



Proposals for land adjacent to 85 Aarons Hill, Godalming

AARONS HILL - GODALMING



Accommodation Schedule:

- 2 No 1B/2P Maisonettes @ 47 sqm
- 2 No 1B/2P Maisonettes @ 54.8 sqm

4 No Units Total

Site Area:
1080 sqm or 0.1 Hectares

Density:
40 DPH

Parking:
4 No Spaces (1:1)

Features:

- 100% Affordable units
- Designed to Housing Quality Indicators (HQI)
- Designed to Design Quality Standards (DQS)
- Lifetime Homes compliant
- Increased unit areas to meet above standards
- Code For Sustainable Homes (CFSH) level 4
- Hidden / in-courtyard parking
- Sympathetic layout to landscape / context

Site plan for land adjacent to 13 Ryle Road, Farnham

