

BRECKLAND DISTRICT COUNCIL

Report of: Trevor Carter – Executive Member: Place

To: Strategy Board – 16 November 2015
Cabinet –1st December 2015

(Author: Kirsty Mallett, Land Management Officer)

Subject: Land at Denny's Walk, Narborough

Purpose: To enable the redevelopment of housing, resulting in the regeneration of an area of Narborough through the creation of up to 31 new affordable new homes and 2 replacement homes for market sale via lifting restrictive covenants on land previously owned by the Council

Recommendation(s):

- 1) That Cabinet approve the release of the relevant Restrictive Covenants contained in the Conveyances for 8 and 12 Denny's Way, Narborough for £1 and impose new covenants requiring the land be used for affordable housing. In taking this option the Council foregoes £26,000 in exchange for the wider regeneration and housing supply benefits that are created in that area.

1.0 BACKGROUND

- 1.1 This report sets out detail of a significant opportunity to enable and support the redevelopment of a housing area of Narborough resulting in the provision of up to 33 new homes, 31 of which will be affordable homes for the residents.
- 1.2 2 – 24 Denny's Walk, Narborough, consists of 12 post-war semi-detached three bed houses. Flagship housing association owns 10 of the dwellings on the site. The remaining two are in private ownership. Many of the properties between 2 and 24 Denny's Walk are empty and in poor condition. Behind each property is a very large garden.
- 1.3 Flagship have approached the authority with a proposal to redevelop the site, replacing the 12 existing units with 33 new properties, 31 of which will be new affordable houses. The remaining two houses will replace the dwellings presently in private ownership, with these two households seeing their existing accommodation replaced with bungalow accommodation. The council understands that both of these households are supportive of Flagship's plans, as the proposed alternative dwellings are better suited to meeting their ongoing needs. A development plan is attached at Appendix B showing the mixture of 1, 2, 3 and 4 bed roomed homes. This will not only regenerate that area of Narborough it will also provide and contribute to the required affordable housing in the area.
- 1.4 Breckland Council sold number 8 Denny's Walk, Narborough on the 2nd April 1973 and number 12 Denny's Walk, Narborough on the 7th July 1980. Restrictive Covenants were included in the Conveyance.
- 1.5 In order to enable the redevelopment, Flagship has requested the removal of the following Restrictive Covenants :-

8 Denny's Walk

1. Not to use the property except as a private dwelling house. Flagship would be in breach of this if the site was redeveloped and more than one dwelling house was provided on the land of either existing property.
2. Not to make any structural alterations or additions without the written consent of the Council. The proposed change of layout within the redevelopment scheme would likely breach this covenant.

12 Denny's Walk

1. Not to use the property except as a private dwelling house. Flagship would be in breach of this if the site was redeveloped and more than one dwelling house was provided on the land of either existing property.
2. Not to erect any other boundary structure without the Council's written consent. The proposed change of layout within the redevelopment scheme would likely breach this covenant.
3. Not to park vehicles on this property except within the garage or carport forming the property. The proposed change of layout within the redevelopment scheme would likely breach this covenant.
4. Not to alter the existing entrance or exit ways to the property. The proposed change of layout within the redevelopment scheme would likely breach this covenant.

- 1.6 Flagship proposes to re-develop the properties and gardens to provide 31 new affordable homes and 2 replacement homes for two existing residents.

Flagship submitted a planning application (ref 3PL/2015/0623/F) which is still being considered and subject to receiving a grant from the Homes & Communities Agency hope to begin construction late November 2015.

- 1.7 Prior to the planning application submission, Flagship has requested that Breckland Council release the restrictive covenant(s) to enable their redevelopment to proceed.

- 1.8 Originally the District Valuer provided a figure to release these Restrictive Covenants at £50,000. Following changes in legislation relating to the reduction in rents which could be charged by Housing Associations and similar organisations the District Valuer's Valuation was revised down to £26,000 based on Flagship's proposals

- 1.9 Flagship's proposal includes a financial summary which identifies that in order to make the scheme eligible for a Homes & Communities Agency (HCA) funding bid Flagship are unable to pay more than £1 to release these Restrictive Covenants.

This is a consequence of how the Homes and Communities Agency (HCA) are likely to view an application for grant for the scheme. In order for an application for funding to be successful, the HCA will expect to see land where there is local authority involvement to come forward at nil consideration. There are two reasons for this; firstly, to satisfy the HCA that any grant funding sought goes directly into the build cost for the proposed housing, as opposed to costs associated with land that is already within the control and/or ownership of the housing provider and/or the local authority. Secondly, before first investing grant into a scheme, the HCA will expect the local authority to demonstrate support for the scheme by making a contribution towards the scheme where it can do so. Foregoing the £26,000 will

be seen by the HCA as an act of local authority support for the scheme, alongside being seen by the HCA as the local authority's 'contribution' to making the scheme happen.

1.10 In exchange of foregoing £26,000, the Council is supporting and enabling the following to occur:

- The regeneration of housing in Narborough with the delivery of 31 new affordable homes for rent within Narborough to meet the affordable housing needs in that area. There are approximately 2,400 households on the Breckland Key Select system who have indicated a desire to live in Narborough.
- Delivery of 2 new replacement private dwellings for existing home owners on the site.
- £558,000 in inward Homes and Communities investment into the district
- £517,669 in inward 'recycled capital grant' investment into the district. This is grant released from the sale of Flagship-owned homes elsewhere across Norfolk, which has to be reinvested within a two year time period.
- £188,685 of New Homes Bonus, of which £152,250 will be retained by Breckland Council for investment in council services. An increase in the council tax base

1.11 The Flagship appraisal confirms that the total Scheme cost is £4,189,490.00. These new homes will meet the Code for Sustainable Homes Level 4 and Lifetime Homes standards which will ensure energy efficiency and flexibility of living for Breckland's residents.

2.0 OPTIONS

2.1 **Option 1:** Release the relevant Restrictive Covenants contained in the Conveyances for 8 and 12 Denny's Way, Narborough for £1 and impose new covenants requiring the land be used for affordable housing. In taking this option the Council foregoes £26,000 in exchange for the wider regeneration and housing supply benefits that are created in that area.

2.2 **Option 2:** Release the relevant restrictive covenants for £26,000. This option would significantly limit the willingness of the Homes and Communities Agency to directly invest new grant funding into the scheme, and therefore call into question both the financial viability and local authority support for the scheme

2.3 **Option 3:** Do nothing.

3.0 REASONS FOR RECOMMENDATION(S)

3.1 The following reasons support **Option 1**:

- Enable the provision of 33 new homes, 31 of which are much needed affordable housing units. Flagship has confirmed that 4 of the affordable homes will be direct lets to Flagship customers already living in existing properties that are to be redeveloped and the remaining 27 affordable homes will be allocated through people on the Breckland Council housing waiting list. Flagship has confirmed that they are unable to pay anything more than £1 to release the covenants, due to the nature of the Homes and Communities grant funding regime for new affordable housing.
- This will allow the re-development of an area in Narborough (subject to planning permission) and makes better use of sites.
- Provision of energy efficient housing.

- Enables development of two new private residential units.
- There are currently approximately 3 3000 households across the entire waiting list for Breckland with approximately 550 households in the priority bands of Gold and Silver (being those in most need of re-housing). Approximately 2400 of those households have expressed a wish to reside in Narborough.
- An increase in Council Tax revenue and potential New Homes Bonus to support further development of this nature.

4.0 **EXPECTED BENEFITS**

4.1 As per all the items listed in section 3.1 above.

5.0 **IMPLICATIONS**

5.1 **Carbon Footprint / Environmental Issues**

5.1.1 These new homes will meet the Code for Sustainable Homes Level 4 and Lifetime Homes standards which will ensure energy efficiency and flexibility of living for Breckland's residents.

5.2 **Constitution & Legal**

5.2.1 It is the opinion of the Report Author that there are no implications.

5.3 **Contracts**

5.3.1 A Deed of Release will be required.

5.4 **Corporate Priorities**

5.4.1 Providing the right services, at the right time and in the right way.

5.5 **Crime and Disorder**

5.5.1 It is the opinion of the Report Author that there are no implications.

5.6 **Equality and Diversity / Human Rights**

5.6.1 It is the opinion of the Report Author that there are no implications.

5.7 **Financial**

5.7.1 Proforma B attached

5.8 **Health & Wellbeing**

5.8.1 It is the opinion of the Report Author that there are no implications.

5.9 **Risk Management**

5.9.1 It is the opinion of the Report Author that there are no implications.

5.10 Safeguarding

5.10.1 It is the opinion of the Report Author that there are no implications.

5.11 Staffing

5.11.1 It is the opinion of the Report Author that there are no implications.

5.12 Stakeholders / Consultation / Timescales

5.11.1 Consultation with the Ward Representatives has taken place.

6.0 WARDS/COMMUNITIES AFFECTED

6.1 Nar Valley Ward

7.0 ACRONYMS

7.1 None

Background papers:-

Lead Contact Officer

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Director / Officer who will be attending the Meeting

Name and Post: Kirsty Mallett – Land Management Officer

Key Decision: Yes / No

Exempt Decision: Yes / No

This report refers to a Mandatory Service / Discretionary Service

Appendices attached to this report:

Appendix A Plan showing 2 – 24 Denny’s Walk, Narborough
Appendix B Flagship’s proposed site plan
Appendix C Flagship’s Development Financial Summary
Appendix D Proforma B