



Author/Lead Officer of Report:
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Report of: **Executive Director, Communities**
Report to: **The Leader**
Date of Decision: **14 March 2017**
Subject: **Seaton Phase 2, Manor Park**

Is this a Key Decision? If Yes, reason Key Decision:-	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
- Expenditure and/or savings over £500,000		<input type="checkbox"/>		
- Affects 2 or more Wards		<input type="checkbox"/>		
Which Cabinet Member Portfolio does this relate to? Housing				
Which Scrutiny and Policy Development Committee does this relate to? Safer & Stronger Communities				
Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? 1208				
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

Purpose of Report:

To secure approval for variations to South Yorkshire Housing Association's lease from the Council for land at Seaton Crescent, Manor Park, that would allow SYHA to develop 28 affordable homes in accordance with the approved planning application 16/01662/FUL.

Recommendation:

R1 That the Chief Property Officer is authorised to amend the lease for the land now shown at Appendix A as described in Section 1.5 of this report.

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Kerry Bollington
		Legal: Victoria Case
		Equalities: Louise Nunn
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	EMT member who approved submission:	Laraine Manley
3	Cabinet Member consulted:	Cllr Jayne Dunn
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: Dave Mason	Job Title: Regeneration Project Officer
	Date: 13 March 2017	

1. PROPOSAL

1.1 Summary

1.1.1 South Yorkshire Housing Association (SYHA) have secured an allocation of grant funding to deliver 28 homes for affordable rent on their site at Seaton Crescent, Manor Park, for which they have recently secured planning permission (ref: 16/01662/FUL). The site is on a long lease from the City Council that does not permit the development of social housing. SYHA have requested a variation to the lease to deliver the scheme.

1.2.2 The terms of the current lease are in accordance with the original disposal report to Cabinet on 28 November 2007. The lease requires SYHA to deliver a scheme to the 'Sheffield Quality Standard', which was developed by the Council as part of the Housing Market Renewal programme but is no longer used. SYHA's modern scheme is of high quality and makes the positive contribution towards regeneration envisaged in the original brief, but it was not designed to fit precisely with this outdated standard. A further variation to the lease is required to allow the delivery of the scheme that has planning permission.

1.2.3 The requested changes to the lease require the Leader's approval. This report recommends that the variations are made to enable SYHA to deliver the scheme.

1.2 Background

1.2.1 Two cleared sites at Seaton Place and Seaton Crescent were marketed via the Council's Housing Market Renewal Developer Panel in 2007. The Council's brief for developers at the time was to deliver housing for sale. South Yorkshire Housing Association (SYHA) bought the site on this basis.

1.2.2 SYHA paid £113,444 for the site following a competitive bidding process amongst the Panel members. The price reflected the requirement to deliver a scheme that met the Sheffield Quality Standard (see Appendix B). The lease prohibited any other type of housing other than build for sale.

1.2.3 The housing market then entered the downturn in 2008 so SYHA weren't able to deliver a viable build for sale scheme.

1.3 Phase 1 (Seaton Place)

1.3.1 Unable to deliver build for sale, SYHA requested a variation to the lease to allow them to deliver Phase 1 as shared ownership instead. The Council approved the change and 14 homes were completed on Phase 1 in 2012.

1.4 Phase 2 (Seaton Crescent)

1.4.1 In 2014, SYHA did not feel that the local housing market had recovered sufficiently for them to deliver Phase 2 as build for sale. Following consultation with Council officers and with the support of the Cabinet Member for Housing, SYHA submitted a successful bid to the Homes & Communities Agency's 2015/18 Affordable Homes Programme to deliver 28 homes for Affordable Rent, comprising:

- 20 x 3 bed houses
- 8 x 2 bed flats

1.4.2 A planning application was made in April 2016 and permission was granted in September. The Planning Officer's report praises the 'positive approach' to the layout, the 'simple and eye-catching architecture' and considers that the scheme will 'make a positive contribution to the site and surrounding area'.

1.4.3 Appendix B compares SYHA's proposal for Phase 2 to the original requirements of the Sheffield Quality Standard.

1.5 Required variations to lease

1.5.1 In order progress the scheme, the following variations are required to the lease:

1. Remove the restriction on the provision of social housing
2. Remove the requirement to deliver a scheme that meets the outdated Sheffield Quality Standard and replace with a requirement to deliver a scheme in accordance with the planning application 16/01662/FUL

2. HOW DOES THIS DECISION CONTRIBUTE ?

2.1 Making this decision will allow SYHA to bring forward high quality affordable housing development on the Seaton Crescent site, contributing towards Thriving Neighbourhoods and Communities and Tackling Inequalities, as per the Corporate Plan.

3. HAS THERE BEEN ANY CONSULTATION?

3.1 Local consultation was undertaken on SYHA's latest proposals as part of the usual Planning process. It was not considered necessary to consult on the detail of the proposed lease variations.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

4.1.1 An Equalities Impact Assessment has been undertaken, which notes the scheme's positive impact on poverty and financial inclusion. No negative impacts were identified.

4.2 Financial and Commercial Implications

4.2.1 The current lease contains overage provisions in the event that SYHA were to achieve sales values above given 'base values'. The Council is entitled to 50% of any proceeds over and above these values, as follows:

- 2b/3p apartments – £95,000
- 3b/5p houses – £130,000

4.2.2 Current values are approximately 20% above those base values, which would translate into an overage payment of £336k. If homes for rent rather than sale are developed, the *potential* for this overage will be foregone.

4.2.3 However, the total scheme costs currently exceed the base values by 23.6%. That is, the cost of developing the scheme exceeds its sale value. The overage clause means that values would need to exceed base values by 47.2% before a commercial sale scheme would break even (because half of those additional proceeds would be paid to the Council).

4.2.4 Therefore, if the requested variation to the lease is not granted it is unrealistic to expect that SYHA would develop a commercial sale scheme instead. Hence there is no probability of overage being achieved.

4.3 Legal Implications

4.3.1 SYHA are not legally entitled to request a change of user, however, officers are satisfied with the current user in place it is not possible for SYHA to progress the scheme. Therefore, the Council may at its own discretion consider SYHA's request under S19 of the Landlord and Tenant Act 1927 to request a variation to the lease in order to vary the user and alienation clause.

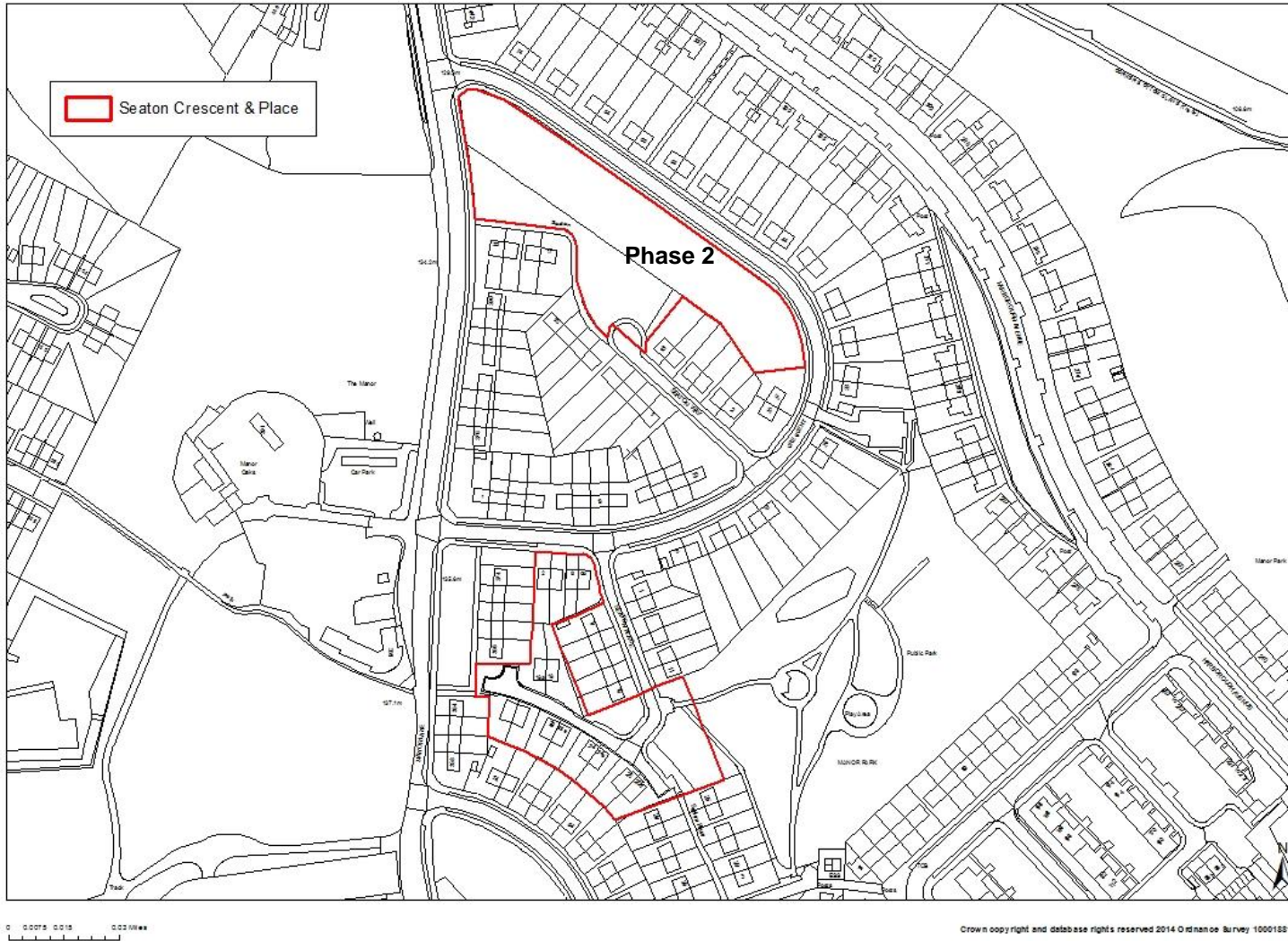
5. **ALTERNATIVE OPTIONS CONSIDERED**

5.1 The alternative option would be to insist that SYHA honour the terms of the original lease. This would mean no development of the site for the foreseeable future and the loss of grant funding to the city.

6. **REASONS FOR RECOMMENDATION**

6.1 The original aspiration for the redevelopment of Seaton Crescent, as expressed in the Cabinet report for disposal, was to deliver good quality, environmentally sustainable housing. SYHA's proposal meets that design aspiration (see Appendix B) but also provides affordable housing that was not part of the original proposal, helping to address the identified shortfall of 725 homes per year in the city.

Appendix A: Seaton Place (Phase 1) and Seaton Crescent (Phase 2)



Appendix B: comparison of Sheffield Quality Standard and SYHA proposal

Quality Element	Sheffield Quality Standard (2007)	SYHA Proposal (2016)
Design	Bespoke property types	Bespoke property types – courtyard style.
	Pedestrian / cyclist-friendly	Scheme includes a Homezone, which has been designed to prioritise pedestrians, children and cyclists over the car.
	Secured by Design	Design follows Secure by Design good practice. Secure brick walls have been included to private gardens and there is extensive overlooking of public areas and parking. Door and window specifications will meet SBD standard.
Sustainable Housing	Building For Life Silver Standard	Not officially tested but clearly performs well against the 12 criteria: integrating into the neighbourhood, creating places and clearly defining public and private realm.
	25% of properties to meet Lifetime Homes standard to ensure future adaptability.	Rather than 25% of the properties meeting all the criteria of the Lifetime Homes, 100% of the property layouts have been designed to provide for some important future proofing. For example, large downstairs WCs are suitable for future adaptation to provide ground floor bathrooms, if required.
Environmental Sustainability	Eco Homes Very Good	EcoHomes standards are no longer in use. Design meets the new Building Regulations, which are equivalent to Code for Sustainable Homes Level 3.
Construction	Use of modern construction techniques	Design allows for the use of an MMC SIPP timber frame.
Wider Regeneration Impacts	Complies with Housing Market Renewal Area Development Framework Masterplan.	The ADF envisaged build for sale on this site, but the housing market has moved on since then and Affordable Housing is the only viable option for SYHA given the challenging topography that means build cost exceeds sale values. SYHA have attracted additional grant funding to support the provision of affordable homes.