



Author/Lead Officer of Report:

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Report of: Executive Director of Place
Report to: Cabinet Member for Finance, Resources and Governance
Date of Decision: 9 July 2020
Subject: Land Acquisition at Derbyshire Lane

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? Finance, Resources and Governance Neighbourhoods and Community Safety				
Which Scrutiny and Policy Development Committee does this relate to? Overview and Scrutiny Management Committee				
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? <i>404 – ‘Principles for Increasing the Council’s Stock Increase Programme’, Individual Cabinet Member Report – 14th October 2019</i> <i>662 – ‘Housing Revenue Account (HRA) Business Plan and HRA Budget 2020/21’, Cabinet Report– 15th January 2020</i>				
Does the report contain confidential or exempt information?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Appendix B is not for publication because it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).				

Purpose of Report:

The report seeks authority to acquire a site on Derbyshire Lane for the purpose of delivering new affordable Council homes as part of the Stock Increase Programme.

Recommendations:

That the Cabinet Member:

- i) Authorises the Chief Property Officer to negotiate the terms for the acquisition of the site on Derbyshire Lane (shown on the plan at **Appendix A**) subject to the conditions set out at **Appendix B** for the purpose of delivering new affordable Council homes as part of the Stock Increase Programme.
- ii) Authorises the Director of Legal and Governance to enter into the legal documentation necessary to complete the acquisition.

Background Papers:

Appendix A: Site Information/ Location

Appendix B: Details of the Conditional Offer

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: Karen Jones
		Legal: Andrea Simpson
		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 (Executive Director Place)
3	Cabinet Member consulted:	Councillor Terry Fox (Finance, Resources and Governance) Councillor Paul Wood (Neighbourhoods and Community Safety)
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: Michael Hellewell	Job Title: Service Manager: Housing Growth
	Date: 29 / 06 / 2020	

1. BACKGROUND

- 1.1 In October 2019 the Cabinet Member for Neighbourhoods and Community Safety made a decision noting the progress of the HRA funded Stock Increase Programme since its approval in 2014 and approving the principle of increasing delivery from 1,600 to around 3,100 new homes over the next 10 years. The decision identified that actions to increase delivery may if necessary include the purchase of land in private ownership for the purpose of the delivery of new council homes.

2. PROPOSAL

- 2.1 This report seeks approval to enable the Council to acquire a site on Derbyshire Lane (see **Appendix A**) for the purpose of delivering new affordable Council homes as part of the Stock Increase Programme.
- 2.2 The site is located in the Meersbrook neighbourhood, within the Graves Park Ward and the South Housing Market Area (HMA).
- 2.3 According to the most recent Strategic Housing Market Assessment (SHMA, 2018), the South HMA has an annual shortfall of 113 affordable homes. The Council owns relatively few sites suitable for housing development in this area of the City and would therefore not be able to contribute to meeting this need without the acquisition of land.
- 2.4 There is demand City-wide for one and two bed general needs flats at a rent that is affordable, as well as accommodation to support older people to live independently. Shared Ownership flats would also help meet local housing need and could be considered for this site.
- 2.5 Early in 2020 the site on Derbyshire Lane was marketed by a national agent on behalf of the landowner.
- 2.6 At this time, initial work by Officers highlighted that the site would be economically viable for purchase and subsequent development of new Council homes.
- 2.7 In addition, early conversations with the Planning Service suggested that this site could accommodate up to 14 apartments and that this is likely to be consistent with planning policy (subject to planning permission being granted).
- 2.8 Given the housing need in the area, as well as more widely across the City – a bid was made for the site which was accepted by the landowner, subject to contract/ conditions (see **Appendix B**).

3. HOW DOES THIS DECISION CONTRIBUTE?

3.1 Better Health and Wellbeing

This site may be developed to provide general needs homes which can support older people to live independently. These new homes could be

more suitable for older Council tenants currently living in unsuitable accommodation, freeing up homes for families.

3.2 Thriving Neighbourhoods and Communities

This proposal aims to develop the site with new good quality affordable homes. The South HMA requires more affordable housing than is currently being delivered by the private market through Section 106 contributions. Acquiring and developing this site for affordable housing helps address housing need in this area of the city.

4. HAS THERE BEEN ANY CONSULTATION?

4.1 There is no requirement to consult on the proposal to acquire the site. However, the SHMA was based on household level survey information and extensive consultation to identify housing needs, aspirations and priorities across the City. This evidence from the SHMA has informed the recommendation to acquire this site.

5. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

5.1 Equality of Opportunity Implications

5.1.1 Increasing the Council's housing stock will have a positive impact for groups with all protected characteristics as outlined in EIA 404 & 602. No negative impacts have been identified as a result of this proposal.

5.1.2 The acquisition and development of this site would contribute towards the provision of a greater choice of affordable, accessible and age-friendly housing for Sheffield's residents.

5.1.3 Development of the site will be tailored to meet the strategic needs of the South Housing Market Area as identified in the SHMA

5.2 Financial and Commercial Implications

5.2.1 Initial viability assessments show that the total cost (acquisition & development) would be viable for affordable rent and would pay back over 30 years. This is in accordance with the principles set out in the 'Principles for increasing the Council's SIP' (October 2019) and the 'HRA Business Plan and HRA Budget 2020/21' (January 2020).

5.2.2 As early feasibility/ due diligence activity progresses (prior to legal completion of the land purchase) the exact mix of house types to be delivered on the site will be 'fixed', and more detailed financial/ viability appraisals will be carried out.

5.2.3 It is envisaged that the cost of the land and subsequent development of Council homes will be funded by a combination of HRA (c70%) and the

use of Right to Buy (RtB) recycled receipts (c30%). The government's Guidance on Rents for Social Housing permits local authorities to let properties on affordable rent terms where they have an agreement in place with the Secretary of State to retain additional Right to Buy receipts for investment in new affordable rented homes.

- 5.2.4 In addition to the purchase price, the acquisition of the site will also attract Stamp Duty Land Tax (SDLT) and professional fees (Surveyor and Legal)
- 5.2.5 The HRA Business Plan has a budget for Council homes on land 'to be identified'. Funds from this budget will be allocated to the project.
- 5.2.6 The upfront feasibility/ due diligence work (pre land purchase), the purchase of the site, and all subsequent activity required to enable the site to be developed for Council homes will be approved in line with the Council's existing capital approvals process.

5.3 Legal Implications

- 5.3.1 The Council has the power to acquire land for the purposes of Part II of the Housing Act 1985 under section 17 of that Act, and the power to provide housing accommodation for the purposes of Part II by building housing on land so acquired under section 9. Dwellings, land and other assets held for the purposes of Part II of the Act are accounted for within the Housing Revenue Account (HRA) by virtue of Part VI of the Local Government and Housing Act 1989.
- 5.3.2 Any dwelling let as Council housing on a secure tenancy will be subject to the Right to Buy (RTB) under Part V of the 1985 Act unless it comes within the exceptions to RTB listed at Schedule 5 to the Act. This may have implications of financial loss for the Council. However, the Cost Floor rule means that for any RTB applications completed in the first 15 years, the discount must not reduce the purchase price below specified costs incurred in respect of the property, including the costs of build and acquisition. After the Cost Floor period the discount due to a tenant buying under RTB will not be reduced to take account of the costs incurred

5.4 Property

- 5.4.1 As this report relates to the acquisition of land for the development of housing, the property implications of this decision are naturally detailed and considered throughout the report.
- 5.4.2 Further details on site acquisition costs, conditions of sale and anticipated timescales are set out in **Appendix B**.

6. **ALTERNATIVE OPTIONS CONSIDERED**

- 6.1 The Council could decide not to purchase this site. This would mean

that (a) the site could then remain in commercial use or be developed/ used for a number of other purposes (subject to planning permission); and (b) the Council would forgo the opportunity to deliver new Council homes in an area where there is an identified need for affordable homes and where opportunities to deliver this are limited.

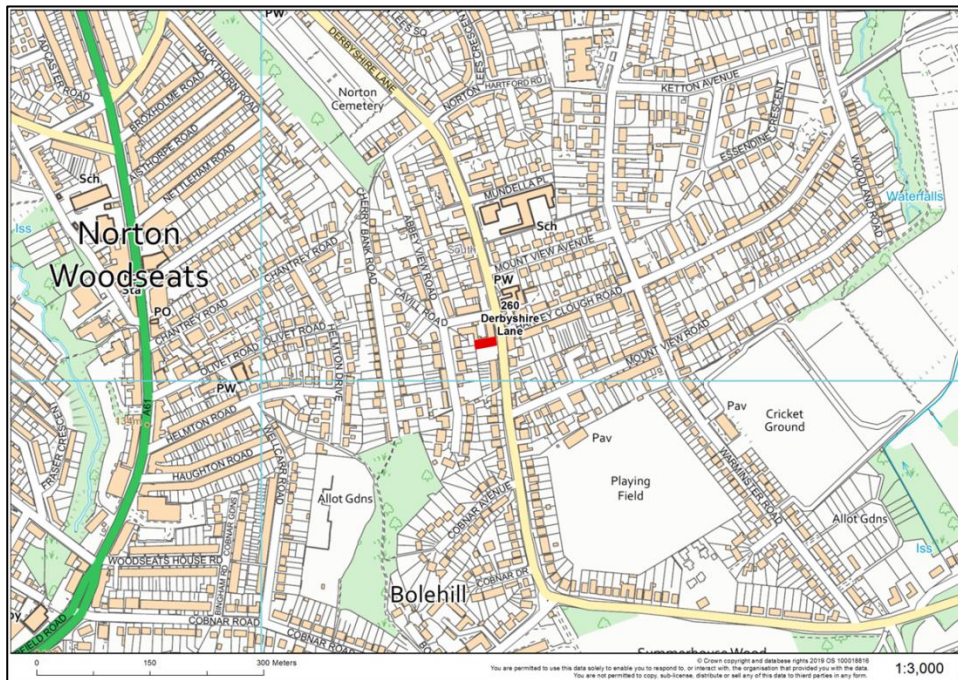
7. REASONS FOR RECOMMENDATIONS

- 7.1 The acquisition of this site will help meet local need for good quality affordable homes and contribute towards the Council Stock Increase Programme.

Appendix A: Site Information/ Location

- The site is located at 260 Derbyshire Lane, Sheffield, S8 8SF.
- The site was previously used for commercial purposes - with a Co-op convenience store operating from the site.
- The site currently has A1 (shops/ retail) planning consent.
- A planning application would be needed for a change of use to residential. Early conversations with Officers in the Planning Authority suggest that a change of use application would be consistent with planning policy.
- The site (c0.08 hectares) is expected to be able to accommodate an apartment block of up to 4 storeys in height. It is estimated that up to 14 apartments could be delivered on the site (subject to further feasibility work and planning permission).

Location Map



Site Plan

