

Report to: **Overview and Scrutiny Committee**

Date: **5 October 2021**

Title: **Lamerton Housing Report**

Portfolio Area: **Homes – Cllr Barry Ratcliffe**

Wards Affected: **All**

Urgent Decision: **Y** Approval and **Y**
clearance obtained:

Date next steps can be taken: N/A

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RECOMMENDATIONS

That the Overview and Scrutiny Committee notes the follow up report on the Lamerton scheme.

1 Executive summary

- 1.1 Aligned to the Council's current and emerging corporate strategy, is the delivery of housing in the Borough that is substantially affordable, high quality and low carbon.
- 1.2 A report was brought to March Hub committee setting out that a housing project in Lamerton could not proceed. The Hub Committee requested a report be brought back to Overview and Scrutiny [Minute reference HC 67 refers].
- 1.3 This report re-provides the information relating to Lamerton, from the Hub Committee report and an additional update on the Neighbourhood Plan process for community.
- 1.4 The Lamerton housing project has not proceeded following the recommendation to the Hub Committee in March. The project incurred spend of £139k funded from the Community Housing Budget of £247k provided by Central Government in March 2017.

2 Background

- 2.1 Homes, and in particular, enabling homes that meet the needs of all, is one of the strategic themes in A Plan for West Devon. The Housing Strategy sets out multiple solutions, including the direct delivery of housing by the Council, where market forces do not address housing need. The Plan for West Devon highlights the need for place based Council activity that improves the housing outcomes for the residents of West Devon.
- 2.2 In March 2017 the Council was awarded £247,620 from the Government's Community Housing Fund. The Fund was aimed at community-led housing projects and could be used by local housing authorities to acquire suitable sites; capacity building; providing direct development support or gap funding.
- 2.3 As a result of being awarded the funding, the Council agreed a Community Housing Strategy. That strategy set out that while affordable rented homes provided a safety net for those in greatest housing need, a wider range of options was required to help people into home ownership in areas where house prices were beyond an affordable level for those on low and medium incomes. To that end, it was said that the funding would be used to reduce the risks of the development process and help deliver more projects.
- 2.4 It was to do this by creating internal capacity to manage a community housing programme, commission feasibility, design and planning work and if required, buying land. This would then lead on to direct delivery of discount sale housing by the Council.
- 2.5 The fundamental principles behind the community housing programme have evolved since inception to include the Council's Climate Change declaration, as well as the inclusion of rented housing on sites, not just discount sale.
 - a. Schemes that address evidence of housing need in a community.
 - b. Community support. Whilst development is a divisive issue, schemes should be endorsed with support in principle from a community land trust (CLT) or Town / Parish Council in their absence, ahead of detailed consideration through the Planning Committee.
 - c. A programme predicated on the delivery of substantially affordable homes to remain so in perpetuity. As such, the tenure of property, scheme constraints and availability of grant funding must be considered on a site by site basis.
 - d. Quality of homes. Seek to construct homes to a standard in excess of building regulations, so as to reduce the financial and carbon cost of ownership.
 - e. Embodied carbon – construction techniques and materials that reduce the embodied carbon in the construction process should be utilised.

- f. The cost of delivery should be neutral so as to remain a viable programme across the Borough, unless by exception with Council approval: The Council's cost recovery at the end of development should cover the costs of staff resources, design and construction.

3 Housing Need

- 3.1 The lack of affordable housing has a significant impact on the underlying viability and sustainability of local communities. There are 371 households in Bands A-D (High to low housing need) registered on the Council's housing register (Devon Home Choice) and a further 411 households in Band E (no housing need). Of all those applicants registered on the West Devon register, 70% earn less than £20,000 and will predominantly be looking for affordable rental properties.
- 3.2 Of the 129 households seeking shared ownership on the Help to Buy register in West Devon the average earnings are £28,000 and have on average £26,000 in savings, so may not be able to afford an open-market home, but would be able to meet the costs of owning an intermediate home.
- 3.3 Establishing housing need is an essential part of any community housing proposal and should be done through a recent, robustly prepared housing needs assessment. The housing team are well placed to provide interpretation and wider need advice to underpin the evidence.

4 Lamerton

- 4.1 The final RIBA Stage 3 design for the Lamerton project was priced in November 2020 and a business case undertaken with the benefit of the design work to that point, including infrastructure design.
- 4.2 An internal review of the project, business case and housing need was then conducted and reviewed by SLT. This review concluded whilst there was some evidence of housing need and the design of the scheme should be deliverable in planning terms, the viability of the scheme was not acceptable.
- 4.3 The scheme viability had always been particularly challenging, relating to the housing values in Lamerton and the cost of build on the site, albeit initially acceptable. As the project progressed and more due diligence, surveys and site investigation work was undertaken, the infrastructure costs were able to be forecast with greater accuracy.
- 4.4 The cost of the infrastructure had increased from ~£390k in April 2019 (based on Quantity Surveyors costing) to over £1.1m in November 2020.
- 4.5 Even with Homes England grant of £450k towards the cost of build, which the team were successful in getting in principle agreement for, the viability of the scheme remained negative, by over £50k, with

insufficient risk allowance. The total build cost had risen from just under £2.9m in early 2019 to £4.5m by November 2020.

- 4.6 The cost of delivery of the scheme, limited contingencies, negative viability and disproportionate infrastructure costs prevent a positive recommendation coming forward to Council for this scheme.

Community

- 4.7 The Greenhill site, upon which the scheme was designed, was originally proposed and supported by the neighbourhood plan group and supported by the Parish Council.
- 4.8 Unfortunately, over a period of time a strong local opposition to the site has developed, which has impacted the neighbourhood plan and parish support. It is unclear if the site will remain in the neighbourhood plan in the future as it evolves.

Spend to date

- 4.9 The scheme had progressed considerably, since the last Council approval in 2019, and had a scheme that was ready for a planning application. This included:
- 4.9.1 Land option negotiation
 - 4.9.2 Topographical surveys
 - 4.9.3 Ecology surveys
 - 4.9.4 Drainage investigation work
 - 4.9.5 Infrastructure design
 - 4.9.6 Housing design
- 4.10 The spend for this project, against the original £247k awarded to the Council for the wider programme, stands at £139k. This money has been spent at risk and will not be reimbursed as the scheme will not proceed to delivery.

5 Lamerton Neighbourhood Plan Update

- 5.1 The Lamerton Neighbourhood Plan was subject of pre-submission consultation in early 2019. That version of the Neighbourhood Plan included the Greenhill Site as a formal allocation. As indicated above (see para 4.8) the Greenhill allocation met with strong local opposition. No submission has subsequently been made to the Council for the draft Neighbourhood Plan to be examined by an independent examiner (Regulation 15).
- 5.2 As a result of a by-election in the Lamerton Parish earlier this year the composition of the Parish Council has changed. As such, the Parish Council has adopted new Terms of Reference for the Neighbourhood Plan Group and reconstituted the Group. The Neighbourhood Planning Officer has met with the new Group and it is understood the Group plan to commission a new Housing Needs Survey and carry out a full review of the Neighbourhood Plan.

5.3 As yet, the results of that review have not been forthcoming. Depending on the outcome of that review, it may be necessary for the Group to carry out a second consultation before submitting the plan for examination (Regulation 14).

5.4 The Group has appointed a consultant to act on their behalf.

6 Proposed Way Forward

6.1 That the Overview and Scrutiny Committee notes the contents of this report for consideration and discussion.

8. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Council is a local housing authority under the Housing Act 1985 and as such it has the power to acquire land for the purpose of building houses on the land.
Financial implications to include reference to value for money		The Council has spent £139k on the Lamerton scheme. This has been spent from the Community Housing Earmarked Reserve (a revenue reserve), funded from the original government grant of £247,620.
Risk		There is a risk that the Council's roles as local housing authority and local planning authority may be perceived as giving rise to a conflict of interest. However, the breadth of the Council's functions make this inevitable. The issue is how the Council deals with the conflict. Dealing with the conflict openly and transparently, mitigates the risks.
Supporting Corporate Strategy		This is set out in paragraph 3 of the report.
Climate Change - Carbon / Biodiversity Impact		These are set out in section 3.
Comprehensive Impact Assessment Implications		
Equality and Diversity		These are set out in paragraph 3 of the report
Safeguarding		There are no direct implications arising out of the report.
Community Safety, Crime and Disorder		There are no direct implications arising out of the report.

Health, Safety and Wellbeing		There are no direct implications arising out of the report.
Other implications		

Supporting Information

Appendices:

None