

Proposal to transfer area of land off Highfield Road, Ramsgate to the Housing Revenue Account for Development of Affordable Housing

Extraordinary Cabinet	2nd March 2023
Report Author	Bob Porter (Acting Corporate Director of Place)
Portfolio Holder	Cllr Jill Bayford, Cabinet Member for Housing
Status	For Decision
Classification:	Unrestricted
Key Decision	Yes
Reasons for Key	Expenditure not in budget and exceeding virement rules/Significant effect on communities
Ward:	Newington Ward

Executive Summary:

Proposal to transfer an area of land off of Highfield Road, Ramsgate, adjacent to Jackie Bakers, from the General Fund (GF) to the Housing Revenue Account (HRA) for the provision of affordable housing.

Recommendation(s):

Cabinet is asked to agree:

1. To the transfer of land from the General Fund account to the Housing Revenue account to enable it to be developed for Affordable Housing.
2. To prepare and submit an application for planning consent for the development of affordable homes, including necessary technical site assessments and community consultation.
3. To consider a further report to authorise the letting of a construction contract, once a detailed scheme has been developed.

Corporate Implications

Financial and Value for Money

The added value of the proposal is that due to the accounting arrangements there is an increase in affordability for GF borrowing created by the CFR as detailed below:

Scenario 1 - £1,123,500 land value

Detail	HRA	General Fund
Opening Capital Financing Requirement (1 Apr 2022)	£28,513,541	£23,165,303
Market value of land	£1,123,500	(£1,123,500)
Closing Capital Financing Requirement	£29,637,041	£22,041,803

Scenario 2 - £900,000 land value

Detail	HRA	General Fund
Opening Capital Financing Requirement (1 Apr 2022)	£28,513,541	£23,165,303
Market value of land	£900,000	(£900,000)
Closing Capital Financing Requirement	£29,413,541	£22,265,303

Legal

This section deals with any legal implications arising from the report

(All wording in this section MUST be checked and approved by the legal department prior to sign off)

Risk Management

The Council has committed capital funding from the Housing Revenue Account Capital programme and is committed to housing development. Phase 4 is well under way, but it has proved challenging to source land within our budget for further development. This land lends itself to approximately 20 units and therefore makes it affordable for us to develop as our part of our phase 5 developments.

If this land is not available to the Housing Revenue Account we continue to face the challenge of sourcing land on the open market.

Corporate

TDC is aware of the challenges facing its residents and in 2019 our Corporate Statement committed to supporting residents through effective partnership working with both the public sector agencies and the community. We will provide leadership and direction across the District and the region to ensure everyone is working to the same goal. Delivering high-quality housing, safer communities and enhancing the health and wellbeing of our residents. Specifically we committed to improve standards and safety in homes across all tenures

Equality Act 2010 & Public Sector Equality Duty

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

This report relates to the following aim of the equality duty: -

- To eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act.
- To advance equality of opportunity between people who share a protected characteristic and people who do not share it.

The provision of additional affordable rented homes supports the needs of people with protected characteristics who need to access affordable rented housing.

Corporate Priorities

This report relates to the following corporate priorities: -

- *Communities*

1.0 Introduction and Background

1.1 Jackey Bakers is a sports ground located in Highfield Road, Ramsgate. It currently has 7 full size football pitches, 2 $\frac{3}{4}$ pitches, 3 9x9 pitches, 2 cricket pitches and an astro turf pitch. There is also a sports pavilion on site.

1.2 There is a small parcel of land at the south of the site (Highfield Road) previously used as a car park. This site currently sits within the General Fund, is allocated within the Thanet Local Plan for housing and could be used for development within the HRA. The plan attached at annex 1 shows the location and extent of the site.

2.0 The Current Situation

2.1 Highfield Road is a small site with an initially assessed capacity for up to 27 homes. The site has already been allocated for residential use within the Thanet Local Plan.

2.2 The site is situated close to existing residential dwelling in Highfield Road, Ramsgate and directly adjoins the back gardens of existing houses. It is also adjacent to the sports facilities at Jackey Bakers and has previously been used as parking linked to the sports provision. The area is currently fenced off and unused.

- 2.3 Initial advice from planning officers has highlighted potential difficulties with the proposed density of housing development and suggested that the capacity of the housing allocated site is closer to 20 units, and has highlighted challenges in terms of achieving biodiversity netgain targets, particularly in relation to existing tree coverage at the northern end of the site. A smaller scale scheme to address these concerns is more deliverable but would impact on the number of homes that could be delivered and the potential site value.
- 2.4 An updated valuation for this site has been obtained. Based upon the development of 25 new homes, the valuation advice is that the land value is £1,123,500. A smaller development of 20 homes would have a lower value, and assuming a pro-rata reduction of 20% would be around £900k. The final value will be dependent upon the final consented number of homes.
- 2.5 If a property is transferred between the HRA and any other revenue account within the General Fund, this will involve adjustments to the HRA and other revenue accounts in accordance with any direction under paragraph 5(1) of part 3 of Schedule 4 to the 1989 Act and HRA capital financing requirements, and in accordance with the relevant determinations under Chapter 3 of Part 7 of the Localism Act 2011.
- 2.6 As this is not an appropriation of a dwelling secretary of state consent is not required.
- 2.7 As a result of the directive laid out in 2.5 a physical capital receipt will not be received by the general fund in relation to the transfer of the asset, but an adjustment of the capital financing requirement (CFR) between general fund and the HRA is made.
- 2.8 The adjustment to the CFR will lead to a reduction in the revenue cost of the annual amount of the minimum revenue provision which means that this saving can be utilised to undertake additional borrowing to support the Jackie Bakers development.
- 2.9 At current PWLB rates the Council could afford to borrow an additional £611k (based on the higher valuation of £1,123,500) or £489k (based on the lower £900k valuation) without any revenue impact due to the MRP saving offsetting these increased borrowing costs.

Affordable housing need

- 2.5 The council's most recent Housing Needs study identified that our district needed 548 new affordable homes each year to meet the needs of our local community. These 548 homes are part of the overall annual target of around 1,200 homes set out in our adopted local plan. Local financial viability constraints mean that we could at most hope to see 30% of new homes on strategic housing sites delivered as affordable homes. Combining the council's own programme with the programmes of housing association partners, new affordable homes are still a long way short of the 548 needed.
- 2.6 Due to these viability constraints on market led housing sites, there is a critical need for more affordable housing led sites to be identified and delivered, with land, funding and timetables that are independent of market housing delivery. There are a number of Housing Association led schemes being delivered within the district and the

council's own programme is making an essential contribution to increasing the number of new affordable homes, but more are needed. With the completion of phase 5, the council will have delivered over 235 new homes since 2015.

- 2.7 In November 2022, Cabinet reviewed the council's housing development programme and agreed to allocate an initial £7.9m to a phase 5 programme, with potential to deliver 25-30 units in the financial year 2025/26. The site off of Highfield Road would make a significant contribution to the delivery of this commitment and a further site may also be needed to deliver the full programme. More detailed cost information will be presented to Cabinet at a future meeting, once planning permission has been obtained and detailed design completed.

3.0 Options

- 3.1 The recommended option is to transfer the site off Highfield Road, Ramsgate adjacent to Jackie Bakers, from the general fund to the Housing Revenue Account for the provision of affordable housing. This is recommended due to the significant need for new affordable rented homes in the district.
- 3.2 Note the additional borrowing capabilities of the general fund of between £489k and £611k which could be utilised for future improvements at Jackie Bakers.
- 3.3 The cabinet could decide not to transfer the site into the HRA and either consider an alternative use for the site or consider disposing of the site. These options are not recommended due to the significant need for new affordable rented housing.

Contact Officer: *Ashley Jackson (Housing Strategy and Projects Manager)*

Reporting to: *Bob Porter (Acting Corporate Director of Place)*

Annex List

Annex 1: [Link](#) to Site map with site highlighted in orange.

Corporate Consultation

Finance: *Chris Blundell (Acting Deputy Chief Executive)*

Legal: *Sameera Khan (Interim Head of Legal & Monitoring Officer)*