

Report to: **Executive**  
Date: **13<sup>th</sup> October 2022**  
Title: **Housing Crisis Update**  
Portfolio Area: **Homes – Cllr Judy Pearce**

Wards Affected: **all**

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

Date next steps can be taken:

Author: **Isabel Blake** Role: **Head of Housing**  
**Laura Wotton** **Head of Assets**

Contact: **01822 813551** /email: [Isabel.blake@swdevon.gov.uk](mailto:Isabel.blake@swdevon.gov.uk)  
[Laura.wotton@swdevon.gov.uk](mailto:Laura.wotton@swdevon.gov.uk)

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## **RECOMMENDATION**

### **That the Executive:**

- 1. Approve the commencement of an Expressions of Interest exercise to further understand the opportunities to bring forward affordable led housing schemes in Kingsbridge; and**
- 2. Note the work of the Overview and Scrutiny Housing Task and Finish Group and the recommendations set out in Section 4.**

## **1. Executive Summary**

In September 2021, the Council declared a Housing Crisis. At the same time, it set out a range of activities it would undertake to tackle the crisis. An update is provided, to the Executive at each of their monthly meetings.

In this report, we will seek to inform members in relation to two matters:

- Progress in relation to two Council owned sites in Kingsbridge and
- The recommendations of the Task & Finish Group

## 2. Kingsbridge

### 2.1 Background

- 2.1.1 The Council own 2 sites in Kingsbridge (Appendix 1 Site Map) and have been consulting with Kingsbridge Town Council as to how these sites are progressed, as it is collectively recognised there is significant unmet housing need in the Town, particularly for affordable housing.
- 2.1.2 Engagement with a modular housing provider, has confirmed delivery of circa 15 homes on the Brownfield (former DCC site) would cost circa £280k per unit. This cost assumes a serviced site and does not allow for infrastructure costs etc.
- 2.1.3 In order to both benchmark these costs against other providers and partners to ensure best value and to understand all opportunities to take forward development on these sites, an Expressions of Interest (EOI) process is proposed.
- 2.1.4 A formal pre-application process is ongoing for the two sites which will be shared with the market through the EOI.
- 2.1.5 The proposed EOI would be open for a period of 6-8 weeks. This will include details of the Housing Strategy; Better Homes, Better Lives, to inform interested parties of our priorities for bringing forward any development, namely affordable led housing rather than commercial return.

### 2.2 Housing Need

- 2.2.1 The data supports a significant housing need. Using Devon Home Choice (DHC) information of households already on the housing register we are able to demonstrate the following:

Residence:

	1 bed	2 bed	3 bed	4+ bed	Totals
Band A				1	

Band B	13	11	1	2	
Band C	3	6	7	2	
Band D	36	9			
Band E	43	29	7	1	
<b>Totals</b>	<b>95</b>	<b>55</b>	<b>15</b>	<b>6</b>	<b>171</b>

Local Connection through family connection:

	1 bed	2 bed	3 bed	4+ bed	Totals
Band A					
Band B	2	3	1	2	
Band C	2	2	7	1	
Band D	4	4	2		
Band E	12	12	5		
<b>Totals</b>	<b>20</b>	<b>23</b>	<b>15</b>	<b>3</b>	<b>61</b>

Local Connection through employment:

	1 bed	2 bed	3 bed	4+ bed	Totals
Band A					
Band B	1				
Band C		1	1		
Band D	8	2			
Band E	12	8	1		
<b>Totals</b>	<b>21</b>	<b>11</b>	<b>2</b>		<b>34</b>

(All applicants are only counted for one local connection, however, they may meet more than one of the criteria for residence, family connection and employment.)

2.2.2 Kingsbridge are also in the process of making their neighbourhood plan which incorporates West Alvington and Churchstow and have commissioned an independent

Housing Needs Assessment. This is publicly available and was undertaken in April 2021 and provides an up-to-date picture of the housing challenges.

- 2.2.3 Notwithstanding the JLP allocated sites in and around Kingsbridge, the demand outstrips this supply.
- 2.2.4 The average house price over the last 12 months has been £483,617 and over the last 5 years this has been £431,280. There is a need for open market properties that are smaller and a more modest price. It is important to balance the housing market and meet wide need wherever possible.

### **2.3 Ropewalk (greenfield site)**

- 2.3.1 This is a greenfield site owned by SHDC which has significant access and infrastructure issues which are challenging and expensive to resolve.
- 2.3.2 A modular housing scheme was designed, consisting of one, two and three bed units and a planning application was submitted (Planning Application Ref: 4158/19/FUL) in 2019 but following comments from Kingsbridge Town Council (KTC), was deferred.
- 2.3.3 Concerns were raised regarding the level of affordable homes being proposed at planning stage, which was Joint Local Plan compliant at the time of making the application. The intended strategy was to access Homes England (HE) funding to then increase the number of affordable units and "exceed" the policy compliant position. This would have resulted in a largely affordable led scheme but fell short (on viability) of being able to deliver 100% affordable units.
- 2.3.4 At the time of application in 2019 the business case for development required cross-subsidisation from 6 open market sales (out of 15 units) plus a Homes England grant of some £450k.
- 2.3.5 Since 2019, we have seen significant increases in build costs. The original business case was built on a build cost of £1600/sq. m which is no longer the market rate. Furthermore, the Infrastructure Grant funding scheme available at that time from Homes England has ceased. Borrowing rates have also risen significantly. It is not considered the previous scheme would be viable today.

## **2.4 Former Devon County Council Day Centre (Brownfield Site)**

- 2.4.1 The brownfield site was a former day centre, purchased by SHDC from DCC when they ceased its operation. The property is vacant and in poor condition and the site which comprises amenity land and parking has become overgrown.
- 2.4.2 Discussion with KTC have been ongoing for around 18 months, who wish to continue to be actively involved to bring forward an exemplar affordable housing scheme. KTC have submitted a list of ideas it would like to see considered. It is recommended representatives from KTC and the wider community, (including local pressure group Kingsbridge Roof, who have regular sessions with Officer and Kingsbridge Members) are engaged with any EOI process.
- 2.4.3 Following a site visit by Members to a demonstration property in a neighbouring Authority, and a declaration in the Housing Crisis to actively explore modular housing the Council engaged with a provider to do design work and costings for the former DCC site.
- 2.4.4 Early costings provided proved optimistic following further design work. Costings provided on a proposed scheme of 15 units (mixed size) indicated a spend requirement of £4.2m, which equates to £280k per unit. Crucially this assumes a serviced site and does not include site clearance, infrastructure, and access costs which the Council would need to bear.
- 2.4.5 There has been no cost to the Council in engaging with the modular provider.
- 2.4.6 Comparable costings from a traditional build based on St Anns Chapel build costs are circa £290k per unit. This does however include all costs (infrastructure, access etc). Site specific conditions will influence these costs particularly, as the Kingsbridge site is brownfield, whereas St Anns was a greenfield site. Therefore, site clearance costs etc will exceed St Anns. Equally, the St Anns scheme is an exemplar scheme which exceeds general affordable housing build standards.

## **2.5 Proposed Way Forward**

- 2.5.1 To support improved and accelerated delivery on both these sites and to make the best effort to provide more affordable housing in Kingsbridge quickly it is suggested that the Council undertakes an Expressions of Interest (EOI) exercise on both sites at the end of October. This will inform the Council of what opportunities there are in the market to bring forward an affordable led scheme. The site

would be marketed alongside the Council's adopted housing strategy Better Lives for All, the high-level brownfield site aspirations of KTC, recognising the actions under the South Hams Housing Crisis Declaration and finally other Council objectives such as the climate agenda and biodiversity net gain.

- 2.5.2 It is also recommended that the Council owned sites are marketed together as there may be an opportunity to offset infrastructure costs of one site against the other.
- 2.5.3 Through the process Registered Providers and other strategic partners would be notified and invited to put forward proposals for consideration.
- 2.5.4 Other local authorities, for example Plymouth City Council have utilised EOI's for several of their sites for affordable led schemes. This involves marketing a site alongside their corporate ambitions of the local authorities development plan and housing ambitions. Interested parties are invited to submit their proposals for the site in line with these ambitions which are then evaluated and treat with the developer who best satisfies the criteria.
- 2.5.5 It is important to note that any EOI received do not form any contractual arrangement to proceed. An evaluation exercise will follow receipt of EOI's, which will involve further reporting to members and consultation with the local members and KTC.
- 2.5.6 Using both the modular and traditional costs available, a number of scenarios have been run through our standard business case model (as used for the St Anns Chapel scheme). All scenarios result in a significant shortfall for the Council.
- 2.5.7 Whilst there is no doubt of the appetite both the Council and the Town Council have for bringing forward affordable led housing in Kingsbridge, it is right that all delivery routes and best value options are tested before any decision is made.

## **2.6 Next Steps**

- 2.6.1 Continued engagement and partnership working with KTC and other appropriate community interest groups.
- 2.6.2 The commencement of an Expression of Interest exercise and an Evaluation Panel made up of the Leader of the Council and Lead Member for Homes, the Local Kingsbridge Members, a representative of Kingsbridge Town Council and the Head of Housing and the Head of Assets is formed to assess the EOI's before a further report to the Executive in the Winter

### 3. Housing Task & Finish group

- 3.1 The Overview & Scrutiny Panel were set a brief in early 2022 to set up a Task & Finish group to:

*Research how other local authorities have successfully increased the delivery of affordable housing (directly and indirectly) within their boundaries and identify best practice and look at the successful establishment of community land trusts in rural areas and how these have been achieved. This policy research piece should stay focused on identifying practical and implementable solutions in the South Hams context, working within the framework of the housing thematic delivery plan (Better Lives for All) and wider housing strategy.*

- 3.2 There was significant learning from the work the group undertook, and a number of schemes identified as best practice. (Appendix 2) These ranged from Community Land Trusts to direct delivery to partnerships between the Council and a Registered Provider (RP) and funding included a variety of sources including Homes England, RP investment programmes and cross subsidisation from open market sales as the Council itself is doing at St Anns Chapel.
- 3.3 All the schemes had communalities
- *Strong Partnership approach with Communities, Council and RPs*
  - *Strong local connection criteria which produce strong community buy in*
  - *Mixed size development is important with the Community being involved in the type and tenure of property*
  - *High energy efficiency and low running costs for tenants*
  - *Rents in line with the local area (affordable, social or LHA)*
- 3.4 The work of the Task & Finish Group has now concluded and the recommendations from this group were presented to the Executive in March 2022. Whilst the first 2 recommendations were agreed it was felt that the third needed some further work. The recommendations from the group are as follows:
- 3.5 Officers explore the formation of a Strategic Partnership with a Housing Association (or Housing Associations) and other partners to deliver affordable rented housing through schemes recognised nationally as best practice with such partnership(s) to include the location of suitable sites within the district.
- 3.6 Officers explore the setting up of a Community Land Trust modelled on the Cornwall Community Land Trust, including the possibility of working with other Devon local authorities in its formation.

- 3.7 That the Task and Finish group recognises that the Council continues to consider the best practice and lessons learned from successful community schemes. Ensuring any direct or registered provider development on exception sites truly involves the community in design, type and tenure wherever possible, and that the Council continues to support and invest in community land trusts.

#### 4. Conclusion

- 4.1 The Executive approve the commencement of the Expression of Interest Exercise and an Evaluation Panel made up of the Leader of the Council and Lead Member for Homes, the Local Kingsbridge Members, a representative of Kingsbridge Town Council and the Head of Housing and the Head of Assets is formed to assess the EOI's before a further report to the Executive in the Winter
- 4.2 The recommendations from the Task and Finish Group are agreed and the approach is considered where it will deliver better housing outcomes.

#### 5. Implications

Implications	Relevant Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>There are no recommendations that have a legal/governance implication at the current time.</p> <p>The EOI process does not create any contractual relationship between the parties. Instead, the process informs the Council of opportunities which may be available to move forward.</p> <p>The further report to Executive in the Winter will include further details as appropriate.</p>
Financial implications to include reference to value for money	Y	<p>The EOI process will enable the Council to test value for money and delivery options for the two sites.</p> <p>There are no recommendations to take any financial decisions at the time of drafting.</p>
Risk		<p>Lack of market engagement with EOI. Local RPs have been contacted in advance and there is interest in the opportunity.</p> <p>Poor commercial viability. It is likely that the EOI will show a tension between positive housing outcomes</p>



		and the commercial subsidy needed to achieve those outcomes.  Non delivery of housing. Failure to proceed with the EOI, or a lack of a deliverable solution through that process would see the sites remain undeveloped.
Supporting Corporate Strategy		Homes
Climate Change - Carbon / Biodiversity Impact		There are no recommendations that have a carbon or biodiversity implication at the current time.  Any future recommendation to support development would have an impact. This would be considered fully through the planning application process.
<b>Comprehensive Impact Assessment Implications</b>		
Equality and Diversity		None directly as a result of this report
Safeguarding		None directly as a result of this report
Community Safety, Crime and Disorder		None directly as a result of this report None directly as a result of this report
Health, Safety and Wellbeing		None directly as a result of this report
Other implications		

### **Supporting Information**

#### **Appendices:**

Appendix 1 – Site Map of Kingsbridge Sites

Appendix 2 – Overview & Scrutiny Recommendation

#### **Background Papers:**

None