

**COUNCIL – 18 SEPTEMBER 2012.**

**REPORT OF DEPUTY CHIEF EXECUTIVE  
(COMMUNITY DIRECTION)**

**RE: CARLTON RURAL EXCEPTION SITE**

**WARDS AFFECTED: CADEBY, CARLTON, MARKET BOSWORTH AND  
SHACKERSTONE**



Hinckley & Bosworth  
Borough Council

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1. **PURPOSE OF REPORT**

To inform Members of the issues surrounding the development of the Carlton Rural Exception Site and to outline the funding shortfall to enable development to progress.

2. **RECOMMENDATION**

That Members :

- a) Support the provision of a Rural Exception site in Carlton;
- b) Approve the contribution of £55,000 to enable the development of the site to progress.

3. **BACKGROUND TO THE REPORT**

A Housing Needs Survey was carried out in 2007 for the parishes of Carlton and Shackerstone, which identified a need for 12 affordable homes for local people. A site was identified in Carlton for a Rural Exception Site to meet the needs of both parishes, and Nottingham Community Housing Association (NCHA) was agreed as the development and management partner for the scheme. A scheme was designed comprising 4 x two bedroomed bungalows for rent, 5 x two bedroomed houses for rent and 2 x two bedroomed houses for shared ownership, a total of 11 properties. The scheme is unusual in that it is a “cluster” site, meeting the needs of more than one Parish.

The scheme was put forward for Homes and Communities Agency (HCA) Grant funding in August 2010 and March 2011. It was unsuccessful in 2010 due to there not being sufficient HCA grant to fund all schemes submitted, and in 2011 NCHA were not successful in their partnership bid with the HCA, as a result of which they are unable to draw down HCA Grant.

The site was then put forward for inclusion in the programme to use the County Council’s New Homes Bonus to fund rural housing. However, the cost of the scheme put forward required at least £340,000, which would have required 50% of the funding to be found by Hinckley and Bosworth Borough Council. This sum related to a redesigned scheme which was less expensive than the original design, but which did not comply with the Homes and Communities Agency’s standards.

A further opportunity was presented in 2011 with the HCA announcing funding for Community Led Schemes. The clerk to Carlton Parish Council had been closely involved with the plans for the site and took forward the bid for Community Led Funding. This included carrying out a public consultation event to evidence community support for the Rural Exception Site, and to update the information from the Housing Needs Survey.

After some delay, the Homes and Communities Agency has now advised that the funding levels required are higher than they would wish to fund. Nottingham Community Housing Association, who will develop and manage the scheme, has already reduced the subsidy shortfall, by reviewing the construction costs and their return on the build, but there is still a shortfall between the level the HCA will fund and the required finance for the build.

#### 4. THE CURRENT POSITION

As previously noted, land purchase arrangements and the overall site layout have been agreed. A planning application could be submitted reasonably swiftly if funding was agreed and the development able to proceed.

Current affordable housing available to rent in the two parishes is as follows (Council and RSL properties combined):

Barton in the Beans	4 x 2 bed bungalows 1 x 3 bed house
Bilstone	0
Carlton	0
Congerstone	8 x 2 bed flats 7 x 2 bed houses 6 x 3 bed houses
Odstone	3 x 3 bed houses
Shackerstone	1 x 3 bed house.

There have been no vacancies in the rented stock for the year April 2011 to March 2012.

The Housing Needs Survey carried out in 2007 identified 7 people for 2 bedroomed houses and 2 people for 2 bedroomed bungalows for rent. In addition, there was 1 family for a 2 bedroomed house and 1 family for a 2 bedroomed bungalow for shared ownership. The consultation event which took place in February 2012 identified a further 14 households who would like to be rehoused on the Rural Exception Site. All of these people have a local connection to the parishes.

It is unlikely that any of these households will be rehoused in their local area in the near future, therefore, the need for the Rural Exception Site is important in meeting the needs of the local people.

Nottingham Community Housing Association applied to Leicestershire County Council for funding from the underspend of their New Homes Bonus funds. This was supported at the New Homes Bonus Steering Group on 3<sup>rd</sup> August 2012 and a report will be presented to Leicestershire County Council's Cabinet for approval on 14<sup>th</sup> September 2012. The outcome of the Cabinet meeting will be reported to Council as a late item. As previously stated, there is a requirement for the Borough Council to match fund any New Homes Bonus. This time, NCHA are asking for the shortfall between the difference between the acceptable level of Community Led Funding and the maximum borrowing/receipts it can bring to the scheme. They therefore are asking Hinckley and Bosworth Borough Council to fund £5,000 per dwelling, a total of £55,000.

Total Scheme Costs (land, works, on-costs, interest etc)	£1,403,542
Scheme Finance:	
NCHA borrowing	£927,592
Possible HCA grant	£297,000
Shared-ownership sales income (initial tranche)	£67,500
Payment from Carlton PC for Jubilee Orchard land	£2,000
Funding Shortfall (County Council & HBBC?)	£109,450
Total Scheme Finance	£1,403,542

A report was presented to the Corporate Operations Board on 6<sup>th</sup> August 2012 who have supported the recommendations set out in this report.

If the site is developed, it will attract New Homes Bonus to the Borough Council. As the site comprised 11 units of affordable housing, it will also attract the New Homes Bonus affordable housing rate of an extra £350 per property, 20% of which is top sliced for the County Council.

A report was presented to the Strategic Leadership Board on the 20 October 2011 which set out the allocation of the New Homes Bonus within the Borough. This established the principle of parishes who had new development in their boundaries would receive a share of New Homes Bonus.

The Parish Council strongly support the development of the Rural Exception Site, and have been instrumental in putting forward a bid for Community Led Funding from the Homes and Communities Agency. Carlton Parish Council will receive 25% of the New Homes Bonus (after the 20% top slice to the Council) attracted by the new development being within their parish. The parish council are investigating ways of providing financial support for the project to a multiple of their precept as they strongly support the scheme. This would include any monies received through their New Homes Bonus allocation.

## 5. FINANCIAL IMPLICATIONS (IB)

### Capital Approval

**Due to the level of funding requested the project will need Council approval.**

Due to the changes in the legislation applicable to Right to Buy sales, the previous 75% handed back to CLG could be earmarked for new affordable housing.

It should be noted, however, that only one flat has been sold this financial year for which the returnable element to CLG is £18,750. Additionally, this element could not be used because the policy will not be applicable for sales in the first quarter of 2012/13.

If the project was funded through borrowing the revenue cost at 4% over 30 years it would be £4,033.

Alternatively, as a one off, the scheme could be funded from savings resulting from self-financing changes. It is estimated these will be circa £2.7million in the year. It should, however, be noted reserve is earmarked for future Housing Regeneration.

If approved a contract with NCHA will be required to ensure the grant is used for its intended purpose.

#### New Homes Bonus Implications

**The New Homes Bonus is not ring fenced and new income will be allocated to support the General Fund. HBBC's current allocations have already been approved and committed to support the General Fund.**

Based on a Band B equivalent rate, if an assumption is made that 11 properties are built, it will attract £9,850 per annum for six years for HBBC. If 25% is paid over to parishes this would leave HBBC with £7,388 per annum for six years.

For affordable housing, HBBC will receive a further £280 per property from which £70 would be paid over to parishes.

#### 6. LEGAL IMPLICATIONS [MR]

Subject to there being no restriction or limitation within the New Homes Bonus or the Community Led Funding Schemes, it should be possible to use the power in the Local Government Act 2000 to promote economic and social well-being to authorise the expenditure

#### 7. CORPORATE PLAN IMPLICATIONS

Contributes to Decent, Well managed and Affordable Homes.

#### 8. CONSULTATION

The Housing Needs Survey in 2007 was supported by the Parish Council and the results formally accepted by them. The Parish Council conducted a public consultation event in February 2012 as a condition of applying for Community Led Funding and the support of the local community for this scheme was established through this event.

#### 10. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

Support of this scheme will have a positive effect on the parishes of Carlton and Shackerstone as it will enable the needs of households who cannot afford to buy on the open market to be met. These needs would be unlikely to be met without a Rural Exception Site being delivered due to the low numbers of affordable housing in these parishes and the slow turnover of existing stock.

#### 11. CORPORATE IMPLICATIONS

By submitting this report, the report author has taken the following into account:

- Community Safety implications – None identified
- Environmental implications – None identified
- ICT implications – None identified
- Asset Management implications – None identified
- Human Resources implications – None identified

- Planning Implications – should sufficient funding be identified, a planning application will follow in due course. Pre application discussions have taken place with Planning Officers.
  - Voluntary Sector – None identified.
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Background papers: None

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