

**HIGH PEAK BOROUGH COUNCIL**

**Report to Housing Select**

**9 June 2016**

<b>TITLE:</b>	<b>Starter Homes funding opportunity</b>
<b>EXECUTIVE COUNCILLOR:</b>	<b>Councillor McCabe– Executive Councillor for Housing Services</b>
<b>CONTACT OFFICER:</b>	<b>Pranali Parikh – Regeneration Manager</b>
<b>WARDS INVOLVED:</b>	<b>Non-Specific</b>

**1. Reason for the Report**

- 1.1 To update councillors on the recently announced Homes and Communities (HCA) Starter Home: Unlocking the Land Fund (March 2016)

**2. Recommendation**

- 2.1 Its is recommended that;
- 2.2 Councillors note the high level Expression of interest submitted to the Homes and Communities agency for delivery of Starter Homes.
- 2.3 A more detailed report will be brought forward once the outcome of the initial Expression of Interest is known which may be early 2017

**3. Executive Summary**

- 3.1 In March the HCA announced an opportunity for local authorities to bid for Starter Homes funding. The government is committed to building 200,000 starter homes by 2020, exclusively for first time buyers under the age of 40 at a discount of at least 20 per cent on their open market value. This is in response to the increasing affordability pressures the younger generation are facing getting onto the property ladder.
- 3.2 The spending review in November 2015 outlined a change in the HCA funding regime, moving away from the traditional affordable rented tenure to intermediate tenures including starter homes and shared ownership. The government is making available capital grant and equity finance between 2016-2020 with the hope of delivering starts on sites for;
- 200,000 starter homes
  - 135,000 Help to Buy: Shared Ownership

- 10,000 homes for Rent to Buy; and
  - 8,000 homes for supported and older peoples rental accommodation
- 3.3 The Starter Home: Unlocking the Land Fund aim is to use starter homes as a catalyst for wider development, not just to tackle affordability issues and help first time buyers, but also to support the wider economic growth of the area.
- 3.4 The expression of interested asked authorities to outline the vision for the local area which demonstrated how residential led development, including starter homes can address affordability pressures and support the areas wider growth ambitions. A pipeline of potential sites was also included as part of the submission.
- 3.5 The fund will support the HCA to acquire, remediate and de-risk suitable land for starter home developments which can then be built out by developers. Receipts from the subsequent sale of remediated land to private developers will then be used to support the delivery of more starter homes.
- 3.6 Local authorities interested in pursuing this opportunity had to submit expressions of interest by Friday 13<sup>th</sup> May and provide a pipeline of potential sites. By submitting the Expression of Interest the Council is not committed in anyway, but it provides the opportunity for the authority to enter into detailed discussion with the HCA. After further discussions with the HCA the opportunity to have a dialog and explore details of projects has been extended until December 2016.

#### 4. **How this report links to Corporate Priorities**

- 4.1 Contributes to the Corporate Plan 2015-19 aim of helping to create a safer and healthier environment for our communities to live in and the corporate objective to provide fit for purpose housing stock that meets the needs of tenants.

#### 5. **Options and Analysis**

- 5.1 There are no options as the report is for noting only.

#### 6. **Implications**

6.1 Community Safety - (Crime and Disorder Act 1998)  
None

6.2 Workforce  
None

6.3 Equality and Diversity/Equality Impact Assessment  
This report has been prepared in accordance with the Council's Equality and Diversity Policies

6.4 Financial Considerations  
There are no financial implications in response to this report. A

further report will be brought forward once any financial implications are known

6.5 Legal  
None

6.6 Sustainability  
None

6.7 Internal and External Consultation  
None

6.8 Risk Assessment  
None

Dai Larner  
**Executive Director**

## 7. **Background and Detail**

7.1 The HCA is proposing to form partnerships with individual local authorities which would use the fund to prepare a package of sites capable of delivering starter homes developments by 2020. The HCA will specifically;

- Give targeted support and expertise
- Provide equity investment to remediate and de-risk sites in local authority ownership
- Acquire further suitable sites outside local authority ownership for delivery of starter homes

7.2 In return the local authority is expected to offer as part of its partnership with the HCA;

- A Clear vision which can demonstrate how residential-led development through starter homes can support the wider growth
- Strong leadership with a clear political commitment to early delivery
- A supportive planning environment
- Suitable sites that are in our ownership or another public body's.
- A commitment to seek to leverage in further public and private investment to facilitate the starter homes developments and wider regeneration.

7.3 The aim of the starter home fund is primarily to bring brownfield sites forward which would potentially bring regeneration benefits and economic growth to the city and town centre. Consideration will be given to greenfield sites if the development is acceptable to the community.

7.4 The HCAs expectation is that starter homes will account for at least 50% of the homes built on the site, with the remainder as market housing to help with

viability. Partnerships which can be individual authorities or clusters but need to be able to demonstrate delivery of between 300 and 600 starter homes across several sites.

7.5 As part expression of interested submitted by the Council a table of potential sites also had to be identified. The table below identifies the sites initially put forward for consideration.

7.6

Site	Total number of homes	Number of starter homes	Planning Status	Current Use	Ownership
Fairfield sites, Buxton	552	221	Allocated in local plan	Greenfield	Local authority/private
Market Street Depot, Buxton	24	24	Allocated in local plan	Vacant/derelict	Local authority
Paradise Street, Hadfield	12	6	Allocated in local plan	Greenfield	Local authority
Padfield Main Road, Hadfield	102	51	Allocated in local plan	Greenfield	Local authority
Melandra Caste, Gamesley	35	35	Allocated in local plan	Greenfield	Local authority
Total	725	337			

7.7 A number of the sites identified in the above table are council owned. The HCA, rather than acquire the sites from the Council would provide equity investment package which would enable the council to remediate and de-risk the sites. The land would either then be sold onto developers with a requirement to provider starter homes or another options would be for the Council to develop the site ourselves with a proportion for starter homes and open market dwellings. The HCA would look to take a return on their investment when the land or properties were sold with a suggested 75% recoverability across all sites.

7.8 The Department of Communities and Local Government (DCLG) will jointly assess the authority's submission with the HCA. Priority will be given to those sites which;

- Are capable of early delivery, including prospect of securing planning permission for residential developments with at least 50% starter homes;
- Offer value for money in terms of average unit cost per starter homes after receipts form the disposal of sites have been taken into account
- Contribute to increasing housing supply, specifically sites are not already allocated for housing in local plans, or core strategy.