

SHAREHOLDER COMMITTEE

22 JANUARY 2020

DEVELOPMENT LAND AVAILABILITY

1.0 Purpose of Report

- 1.1 To present to Members Arkwood Development's land pipeline and potential implications in the delivery of the approved 500 units.

2.0 Background Information

- 2.1 The business case for the establishment of a development company was approved by the Policy & Finance Committee in January 2018, the purpose for setting up Arkwood Developments was to deliver on the commitment made within the Council's Community Plan and to provide additional revenue streams to the district council. In the early phase of the company's inception it will achieve this by developing new homes predominantly for market sale.
- 2.2 Arkwood Development's business plan was approved at the June Shareholder's Committee. In the business plan it sets out the sites earmarked for development to deliver the approved 500 units.

3.0 Land Availability

- 3.1 To assist Arkwood in firming up their pipeline of land availability, an exercise has recently been concluded to identify suitable landholdings within the District Council's ownership, both across the general fund and housing revenue account. We have identified that while the Council does have some modest landholdings, the majority of these are unsuitable for development, either due their location outside of the urban boundary or their existing allocation as public open space.
- 3.2 Within the Council's ownership there are currently 4 sites deemed as suitable for delivery in the next 3 years; which have an existing allocation for housing, all of which are currently being progressed for delivery. Research shows that it can take 2-3 years from the initial identification of a site until the first housing completion and we are fortunate in this regard to have readily available sites within our ownership.
- 3.3 The outturn of the exercise however, is that the delivery plan now identifies a shortfall of 54 units for the full 5 year programme to deliver 500 units. It should also be noted that this is based upon all current sites progressing to expected timescales and delivering the predicted 446 units. Typically a developer would have a land pipeline that has the flexibility to substitute opportunities should sites be delayed, either through the planning process or become unviable to deliver; both of which are not uncommon. In addition developers would have a land surplus of 50% above their target figures to enable the work programmes to be accelerated or decelerated as required.

- 3.4 The conclusion to be drawn is that there is a need to acquire further land suitable for development, to fulfil the projected shortfall in the next 5 years. The land would need to have an existing allocation for housing, due to the timescales for delivery and recognising that the next round of site allocations, will not occur for another 3-4 years. Colleagues in the Planning Department have confirmed that they currently have a flexible supply of land allocations within the district; and would not be looking to add to this until the Core Strategy is due for renewal.
- 3.5 In 2011 the Council adopted their Core Strategy for the Local Development Framework, which was revised in 2017 and adopted again as the Amended Core Strategy in 2019. The Council takes a proactive approach to development and has allocated land parcels suitable for new build housing development. This is an efficient way of streamlining the planning process however, it also means that the majority of the sites within the district that have an existing housing allocation have already been secured by developers, leaving limited sites available to purchase.
- 3.6 Whilst there will doubtless still be opportunities coming to the market place within the district; prior to the next round of planning allocations, these will be limited in number and given the scarcity likely to attract a premium price. Timescales to secure additional sites are key given the previous point that it takes approximately 2-3 years for a site to deliver units and there is also no guarantee that any sites which do come onto the market will meet Arkwood's viability requirements.
- 3.7 A means of addressing the current shortfall within the development pipeline would be to broaden the area in which Arkwood operates to include neighbouring districts. This would open up opportunities not only to purchase sites outright, but also to potentially work with other local authorities to establish if they have suitable development land and require a partner to unlock sites.
- 3.8 Benefits to operating in neighbouring districts are that we could continue to use a local supply chain, ensuring that money spent is re-invested in the local Newark & Sherwood economy.

4.0 Equalities Implications

- 4.1 There are no equalities implications in this report, as the subject matter involves the provision of a land supply for the Council's development company and does not impact upon persons with protected characteristics .

5.0 Financial Implications (FIN19-20/5898)

- 5.1 Any development that the company seeks to enter into, whereby there is a borrowing requirement from the Council will continue to follow the same robust process as the current scheme. This will mean that a Business Case will be presented to this Committee in order to recommend to Policy & Finance a funding mix for each development. This would then lead to a scheme created in the Council's Capital programme and depending on the funding mix, may include an element of up front equity funding and a loan facility.

5.2 Wherever the development may take place, a Business Case must be presented to the Shareholders Committee where additional funding to develop the site is required. At that point, the financial implications of any proposed development will be presented to the Committee.

6.0 Community Plan – Alignment to Objectives

6.1 The Company is referenced in the Community Plan under the objective of accelerating the supply of new homes by delivering 300 new homes by 2026/27.

7.0 Comments of Director

7.1 It is vital that the Council consider how best to secure a pipeline of developable sites at this early stage to ensure that the business plan objectives it has set for its development company, over its five-year programme, can be achieved.

8.0 RECOMMENDATION

That approval be given for Arkwood to explore land availability within neighbouring local authority areas.

Reason for Recommendation

To enable Arkwood to meet their business plan.

Background Papers

25 January 2018 – Policy & Finance Committee, establishment of a development company

11 June 2019 – Shareholder Committee, Arkwood Business Plan

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