

Classification: Part 1 Public

Key Decision: No

Gravesham Borough Council

Report to: Leader of the Executive
Date: 5 February 2013
Reporting officer: Director Housing and Regeneration
Director Communities
Subject: Affordable Housing Provision on GBC sites

Purpose and summary of report:

To seek authority to dispose of the three surplus housing sites which are shown edged in red on the attached plans.

Recommendations:

That the Director Communities in association with the Assistant Director (Governance and Law) be authorised to dispose of the sites on the terms as set out at paragraph 2 below.

1. Background

- 1.1 The Council has been working in partnership with the housing association Circle and their local subsidiary Russet Homes since early 2011 in relation to a bid submission to the HCA for funding to develop a "scheme" of up to 18 affordable housing units on council owned land. In late 2011 the HCA confirmed acceptance of the bid and Circle/Russet are required to complete/occupy these developments by no later than March 2015 to draw down the limited grant funding that has been allocated.
- 1.2 During 2012 the Council and Circle/Russet continued working to firm up schemes for the three sites shown edged in red on the attached plans. Detailed planning applications totalling 9 units (at Codrington/Shamrock) have now been received from Circle/Russet with a further 6 units imminent (West Crescent Road). A fourth 2 unit site at Greenhill Road is still being progressed and may yet also proceed subject to various third party rights being resolved. Initially risk to both parties on the three sites was managed through cooperation agreements covering in particular the underwriting of pre- planning costs and timing considerations.
- 1.3 The above agreements also require the parties to agree a residual value of the land transferred once potential density of development established through pre-planning enquiries. This is now the case and terms have been agreed in principle which should enable transfers to proceed subject to detailed planning being granted. An important footnote to this is that the various developments need to have started on site by no later than September 2013 to be certain of meeting the March 2015 deadline.

2. Current Position

- 2.1 The terms set out below have been agreed in principle with the purchaser subject to the necessary authorities
- 2.1.1 Purchase Price (for the 3 sites) £1. A contribution towards the council's costs totalling £3600 (legal /surveyors fees) will be made in recognition of the Council's support.
 - 2.1.2 Prior to purchase the purchaser to be responsible for obtaining detailed planning permission for the various schemes and securing all necessary footpath diversions stopping up orders etc; with the council's support at the purchaser's cost as part of the development process
 - 2.1.3 The purchaser to accept the risk of title restrictions at Codrington Depot site where there is a "dormant" drainage easement in favour of an adjoining owner subject to a warranty from the Council that no rights have been exercised under the original 1965 deed.
 - 2.1.4 The purchaser to be responsible for any demolitions and erection and subsequent maintenance of any new boundary treatments resulting from the various developments
 - 2.1.5 The use of the land shall be as housing at affordable rent with 100% nomination rights for 80 years reserved to the local authority.
- 2.2 By way of explanation, the purchase price and costs shown above amount to a "recognition payment" by the purchaser since the assumption of affordable housing (using the regional adjustment factor of 34% provided for in the CLG's stock valuation for resource accounting guidance) produced a negative residual value on all three sites.
- 2.3 Once this had been established by means of individual residual valuations negotiations centred on minimising the Council's exposure to potential costs and ensuring that maximum available nomination rights were achieved at 100% and for successor lettings. Whilst nomination rights have only a notional value, historically they were in the South East region quoted as having "worth" in the region of £20,000 per plot to local housing authorities.
- 2.4 This matter was considered was considered at Management Team on 16 January 2013, the minute of which is as follows:
- 'The Director Housing and Regeneration sought Management Team authority to dispose of the three surplus sites as detailed in the report.
- Management Team agreed that the Director Communities in association with the Assistant Director (Governance and Law) be authorised to dispose of the sites on the terms as set out at paragraph 2 of the report' (2.1 – 2.3 of this report).

3. Implications

- 3.1 These are attached at as appendix 1 to the report

4. Background Papers

4.1 The co-operation agreements referred to in paragraph 1.2 above.

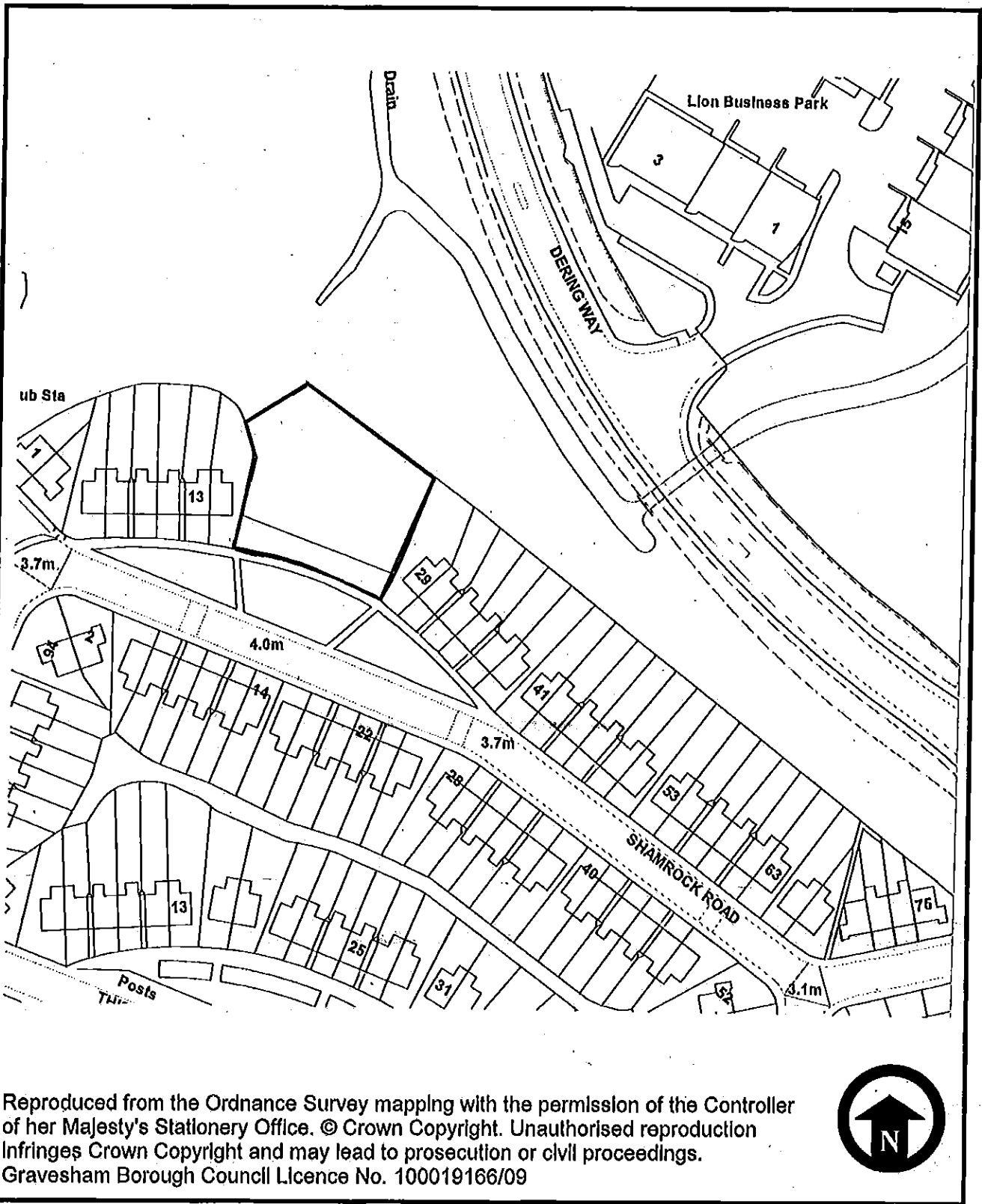
Anyone wishing to inspect background papers should, in the first place, be directed to Committee & Electoral Services who will make the necessary arrangements.

IMPLICATIONS

APPENDIX 1

Legal	<p>No disposal of public open space is involved here so no public advertisement needed. Subject to the assumption of the sales being restricted to affordable housing use there are not considered to be any best consideration issues pertaining and in any event The General Consent for the Disposal of Land held for the purposes of Part 11 of the Housing Act 1985 – 2012 allows for the sale of vacant land. Circle/Russet were chosen as potential developers following an initial selection process involving two other housing associations which culminated in them being the only successful bidder to the HCA for grant funding.</p>		
Finance and Value for Money	<p>These disposals will result in a small receipt (costs) to the Council and a reduction in responsibility for ongoing management/maintenance related to fly tipping and other anti social behaviour. None of the three sites produces income. There are potential financial benefits to the Council relating in particular to council tax and new homes bonus the latter estimated initially at £1,750 per annum per unit for up to 6 years, £350 per unit of which is an affordable homes premium. In terms of value forgone in relation to possible sale on the open market, subject to planning this could be in the region of say £135,000 for the sites less costs already incurred plus future costs totalling say in the region of £65,000. However there are significant risks associated with open market sale outlined below and the obtaining of nomination rights has some albeit unquantifiable worth to the authority.</p>		
Risk Assessment	<p>There are always risks associated in small scale disposals such as these with abortive work but this is in the nature of any land transaction. To date this has been managed through the mechanism of the cooperation agreement and a development team approach which will continue. A greater risk is possibly accepting the status quo which will not result in any new homes and prolong the underutilisation and abuse of these sites. Whilst it might be possible to dispose of these sites on the open market nomination rights would not result and there is no guarantee of immediate sale in the current market or more particularly the sites actually being developed after any sale so potentially no council tax or new homes bonus accruing either. This could lead to continuing and possibly worse problems to the local neighbourhoods leading to the need for subsequent enforcement action and potential unquantifiable cost to the Council.</p>		
Equality Impact Assessment	Screening for Equality Impacts		
	Question	Answer	Explanation

	a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	No	The new homes will provide housing for waiting applicants who will have the opportunity to bid via Choice Based Lettings
	b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	Yes	As above, with the introduction of Choice Based Lettings , everyone registered for housing is able to bid for homes that they are eligible for.
	c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?		See above which will be further underpinned by development team approach.
	<i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i>		
Corporate Business Plan	Meeting the housing needs of vulnerable people in the community. Keeping Gravesham safe Working to maintain a clean and green environment Managing housing developments in the borough to ensure they meet the needs of the community Managing the council's business		
Crime and Disorder	Should the delivery of new affordable homes for rent not be achieved, the areas in question will remain at risk from ASB fly tipping etc;		



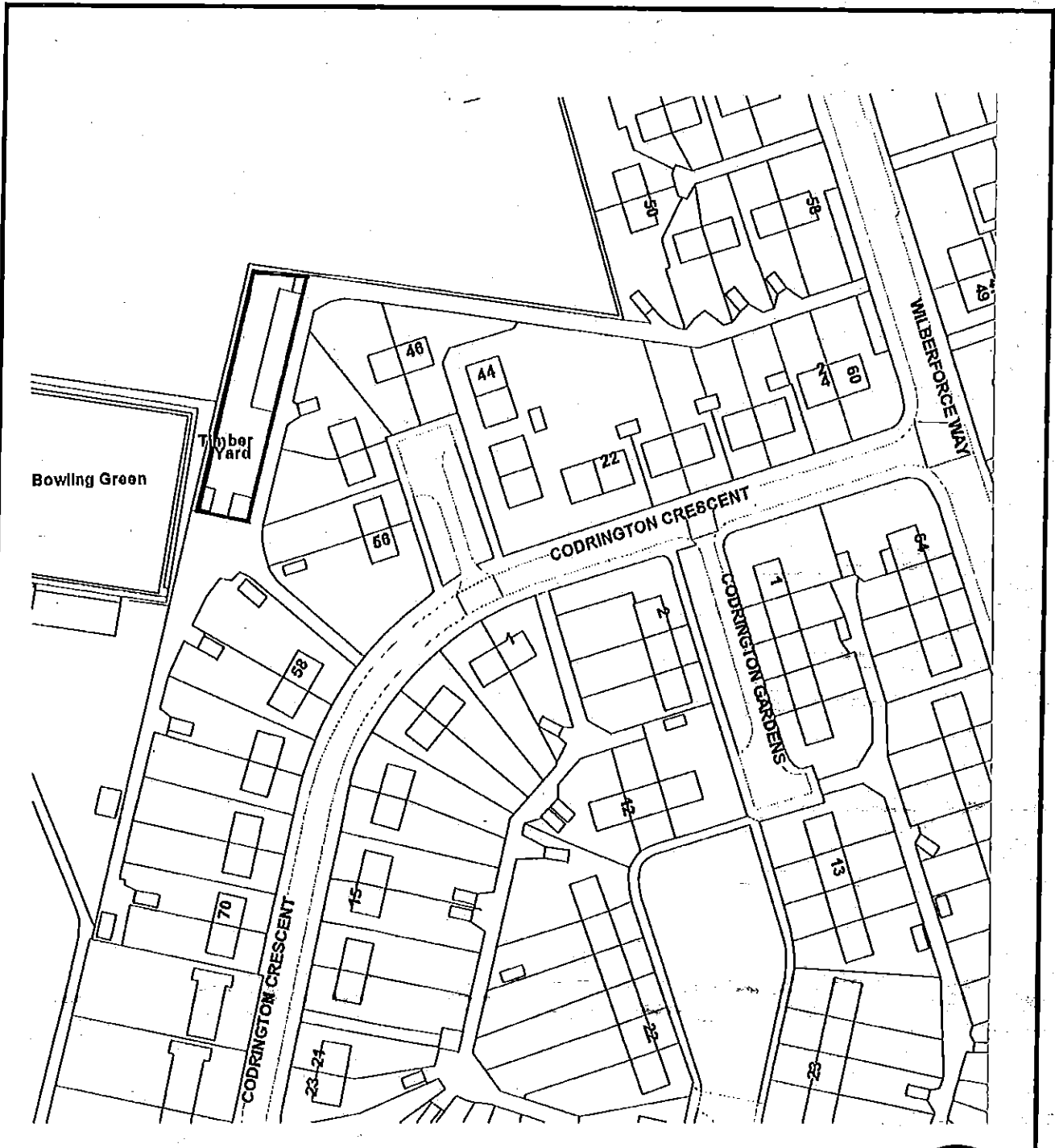
Reproduced from the Ordnance Survey mapping with the permission of the Controller of her Majesty's Stationery Office. © Crown Copyright. Unauthorised reproduction infringes Crown Copyright and may lead to prosecution or civil proceedings. Gravesham Borough Council Licence No. 100019166/09



Project	LAND AT SHAMROCK ROAD SHAMROCK ROAD DENTON, GRAVESEND	
Drawn	Traced	
Checked	Date	12.12.12
Drg.	Scale	SITE: LOCATION: 1/1250

Gravesham 
Borough Council

Property Services
Civic Centre, Windmill Street, Gravesend,
DA12 1AU Tel: 01474 564422



Reproduced from the Ordnance Survey mapping with the permission of the Controller of her Majesty's Stationery Office. © Crown Copyright. Unauthorised reproduction infringes Crown Copyright and may lead to prosecution or civil proceedings. Gravesham Borough Council Licence No. 100019166/09

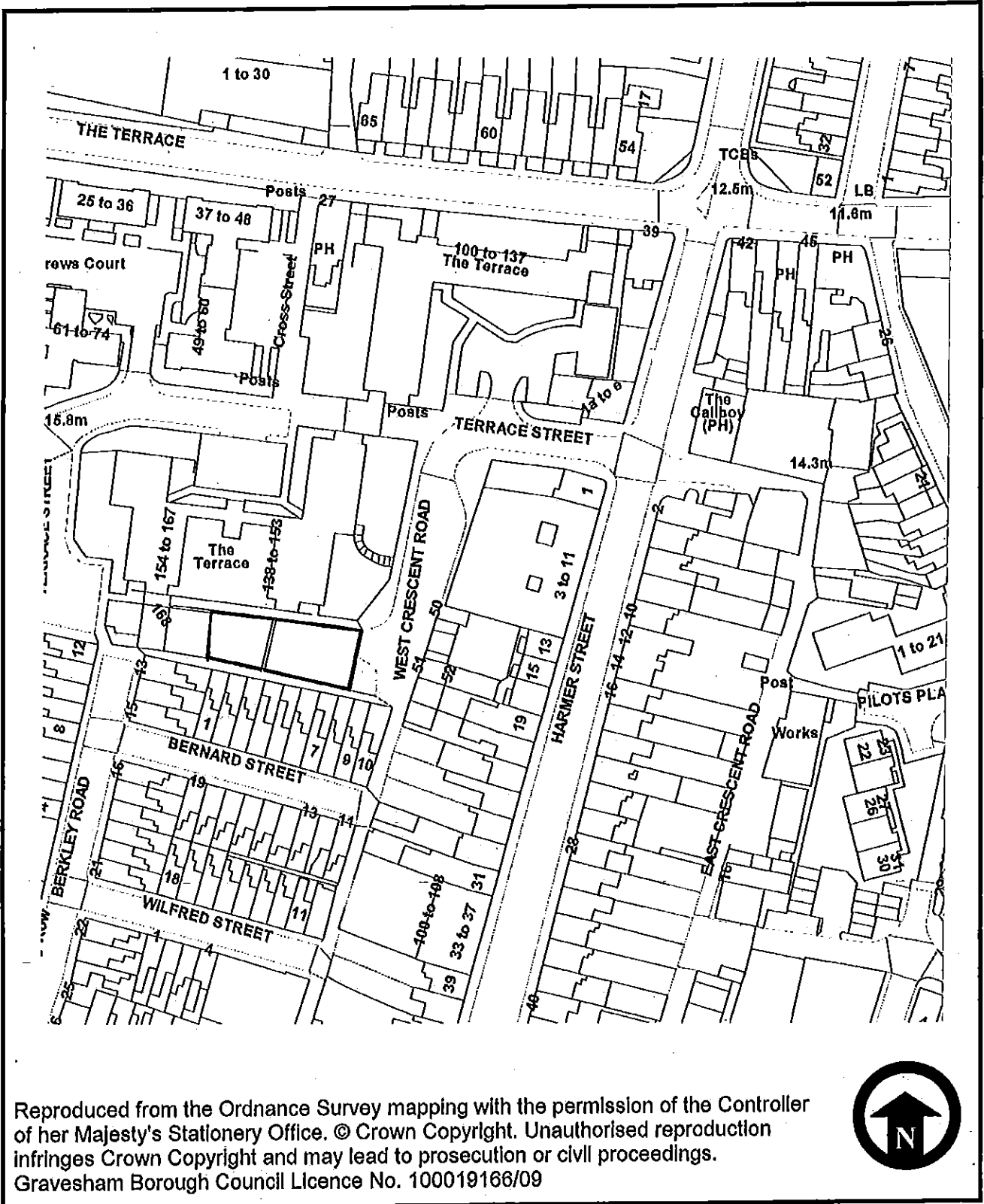


Project		CODRINGTON DEPOT CODRINGTON CRESCENT GRAVESEND	
Drawn	Traced		
Checked	Date	12.12.12	
Drg.	Scale	SITE: LOCATION: 1/1250	

Gravesham
Borough Council



Property Services
Civic Centre, Windmill Street, Gravesend,
DA12 1AU Tel: 01474 564422



Reproduced from the Ordnance Survey mapping with the permission of the Controller of her Majesty's Stationery Office. © Crown Copyright. Unauthorised reproduction infringes Crown Copyright and may lead to prosecution or civil proceedings. Gravesham Borough Council Licence No. 100019166/09



Project	OPEN SPACE AND CAR PARK WEST CRESCENT ROAD GRAVESEND	
Drawn	Traced	
Checked	Date	12.12.12
Drg.	Scale	SITE: LOCATION: 1/1250

Gravesham
Borough Council



Property Services
Civic Centre, Windmill Street, Gravesend,
DA12 1AU Tel: 01474 564422

