

**LAND DISPOSAL PROGRAMME (ASSET MANAGEMENT): DEVELOPMENT
SITE KELLS**

EXECUTIVE MEMBER: Councillor E Woodburn
LEAD OFFICER: P Graham Head of Development Operations
REPORT AUTHOR: C Lloyd Contracts and Property Manager

Summary and Recommendation:

This report concerns the disposal of the allocated housing site at Kells (formerly the White School). This land disposal has been considered in the context of the current Strategic Asset Management Plan and is included in the schedule of asset disposals.

Full Council 24 June 2008 agreed to proceed on the basis of offering part of the site for self build units, and to seek to the disposal of the larger site to a developer.

Following advertising and invitation of sealed bids, a preferred bidder has been established.

The council has sought to achieve a balanced development, and is satisfied with the preferred bidders' offer of 66 dwellings in total that will include speculative housing (30), self build units (14) and also a proportion of affordable homes (22) being a combination of rental and shared equity. These units would be administered by a Registered Social landlord, (their long term retention for affordable housing is therefore assured).

It is noted that the disposal of this site will:

- achieve a substantial capital receipt which will be used to support Council services.
- demonstrate a strong and positive regeneration opportunity responding to Council main priorities.
- Providing and sustaining community benefits, through re-balancing the housing market, enabling the people of Kells to improve their housing provision with increased tenure and housing options without moving out of their communities, with provision of some 66 new dwellings of mixed type and tenure on the same site.
- Enable the release of property vacated providing opportunity for further stimulation of the housing market at Kells.
- demonstrate forward looking and innovative Council using strategic asset management to facilitate community and private sector partnerships.
- satisfy Council Development Control and Strategy Planning, and Strategic Housing aspirations.

- balance the community by integrating tenure options throughout the scheme in full accordance with government best practice.
- Demonstrate investor confidence in the town.

The financial details of the disposal are included in Part 2 Appendix C.

Contract Standing Orders require that transactions of land are authorised by the Council where the freehold value or long leasehold premium payment or initial annual rental (discounting concessions) is £250,000 or more (CSO

21.2/21.2.1.3). It is this aspect of this project that therefore requires Full Council approval

Executive is therefore asked to consider and review this report, and recommend to full Council:

- 1 the disposal of the land through acceptance of the preferred bidder offer for the development site, and
- 2 the offer for and basis of disposal of the self build plots,

Executive is also asked to agree to the proposals for concluding the finer details of the disposal through the delegated authority to the Heads of Legal, Development Operations and Finance and MIS in consultation with the Leader of the Council.

1 INTRODUCTION

- 1.1 This report updates members of Executive of progress made with the disposal of the allocated housing site at Kells. This land has been considered in the current Strategic Asset Management Plan and has been included in the schedule of asset disposals.
- 1.2 A plan is attached to indicate the site area and location.
- 1.3 Members have previously agreed to proceed on the basis of offering part of the site for self build units, and to seek to dispose of the larger site to a developer (Full Council 24 June 2008).
- 1.4 Following marketing and invitation of sealed bids the Kells Development Group has been identified as preferred bidder.
- 1.5 Discussions have been ongoing now for over 12 months with the intention of firming up the offer made, ensuring it complies with the Brief for the site, and ensuring that the group has a robust business plan for the development.
- 1.6 These discussions have now progressed as far as it seems possible, and members are asked to consider the current proposals.
- 1.7 The proposals include the 'development' site of 52 dwellings, 22 of which will be affordable housing, plus the self build area of 14 dwellings, making a total of 66 dwellings in all.

2 THE AFFORDABLE HOUSING ISSUES

- 2.1 The negotiations have not been directly related to the price offered which has not changed but have centred around the provision of affordable housing on the site – a requirement was included in the brief for the site that was included with the sales particulars.
- 2.2 This stated that the Council wished to see approx. 22 – 25 affordable homes to be provided within the development which is following government guidance.
- 2.3 It is important to understand what is meant by affordable. An extract from the government document Delivering Affordable Housing is set out below:

Definitions

30. Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

– meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices; and

– include provisions for:

(i) the home to be retained for future eligible households; or

(ii) if these restrictions are lifted, for any subsidy to be recycled for alternative affordable housing provision.

31. Social rented housing is rented housing owned and managed by local authorities and RSLs, for which guideline target rents are determined through the national rent regime.

The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant.

32. Intermediate affordable housing is housing at prices and rents above those of social rent but below market price or rents, and which meet the criteria set out above. These can include shared equity (e.g. HomeBuy) and other low cost homes for sale, and intermediate rent.

- 2.4 Following the further recent negotiations the Kells Development Group has now offered to provide 22 affordable homes of which at least 10 will be rented with the remainder shared ownership. Some further discussion is necessary to finalise details of arrangements with Copeland Homes which will provide the dwellings, including rental/shared equity costs, and the mix and type will be subject to Planning approval.

3 WIDER IMPLICATIONS

- 3.1 A disposal of this site will achieve a substantial capital receipt at time when this is very difficult to achieve.
- 3.2 This also provides good regeneration opportunities in a difficult climate, which is one of the Council's main priorities
- 3.3 There are benefits to the community in that the disposal will enable the people of Kells to improve their housing provision with increased tenure and housing options without moving out of their communities.

... The development will regenerate Kells with provision of some 52 new dwellings of mixed type and tenure (plus 14 self build).

- ... Releases property vacated providing opportunity for stimulating the housing market at Kells.
- ... Demonstrates forward looking and innovative Council using strategic asset management to facilitate community and private sector partnerships
- ... Satisfies Council Development Control and Strategy aspirations
- ... Balances the community by integrating tenure options throughout the scheme in full accordance with government best practise
- ... Demonstration of investor confidence in the town

4 CONCLUSION

- 4.1 Although these negotiations have taken some time now officers believe that an acceptable offer has been made by the Kells Development Group, and that this now accords with the Council Brief, and in particular, the affordable housing requirements.
- 4.2 It is also confirmed that the disposal of the 14 self build sites to the Kells Residents Association is proposed on the basis of the Council Valuers assessment at the amount indicated and agreed.
- 4.3 The financial details of the disposal are included in part 2 Appendix C. Members are advised that under Contract Standing Order 21.2 no transactions in respect of land should take place without the authority of the Council where the freehold value or long leasehold premium payment or initial annual rental (discounting concessions) is £250,000 or more (CSO 21.2.1.3).
- 4.4 Executive is asked to consider this report and if in agreement to recommend acceptance of the offer from Kells Development Group for the development site and Kells Residents Association for the self build portion to full Council.
- 4.5 Should the offer be accepted some further work will be required to conclude the disposal:
 - ... to formalise the detail, to confirm Copeland Homes involvement, and to draw up contracts, for the development site
 - ... to draw up contracts for the self build plots;

and members are asked to delegate the final stages to the Heads of Development Operations, Finance and Legal and Democratic Services, in consultation with the Leader.

5 FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)

- 5.1 The disposal will provide a substantial capital receipt for the Council. This will be subject to planning approvals, and to Home Group board approval, and legal matters including heads of terms, and the capital receipt is expected to be realised in quarter 1 2 of the next financial year 2010/11.
- 5.2 The work of marketing and dealing with the bids is now complete but has taken considerable officer time.
- 5.3 Some further work will be required to deal with the legal work to sign contracts and transfer the land, external support may be required for which costs will be funded from the Asset Management Enabling Fund reserve.

6 PROJECT AND RISK MANAGEMENT

- 6.1 Standard disposal procedures to apply, including project management techniques

7 IMPACT ON CORPORATE PLAN

- 7.1 The sale is consistent with the existing Asset Management Plan which is subject to revision in 2010 when in the New Year a new Strategic Asset Management plan will be presented to Members.
- 7.2 The disposal will provide an opportunity for local residents to improve and modernise their housing, provide a number of affordable dwellings, and contribute to the regeneration of Kells. It will also release other lower value properties vacated for occupation.

List of Appendices

Appendix A - Site Plan
Appendix B – Site showing self build area
Appendix C – Part 2 - Offers

List of Background Documents: Project file, offers, brief correspondence etc.
Please also refer to KDG Development proposals and Development Brief lodged in the member's room

List of Consultees: John Hughes, Tony Pomfret, Laurie Priebe, Clinton Boyce

CHECKLIST FOR DEALING WITH KEY ISSUES

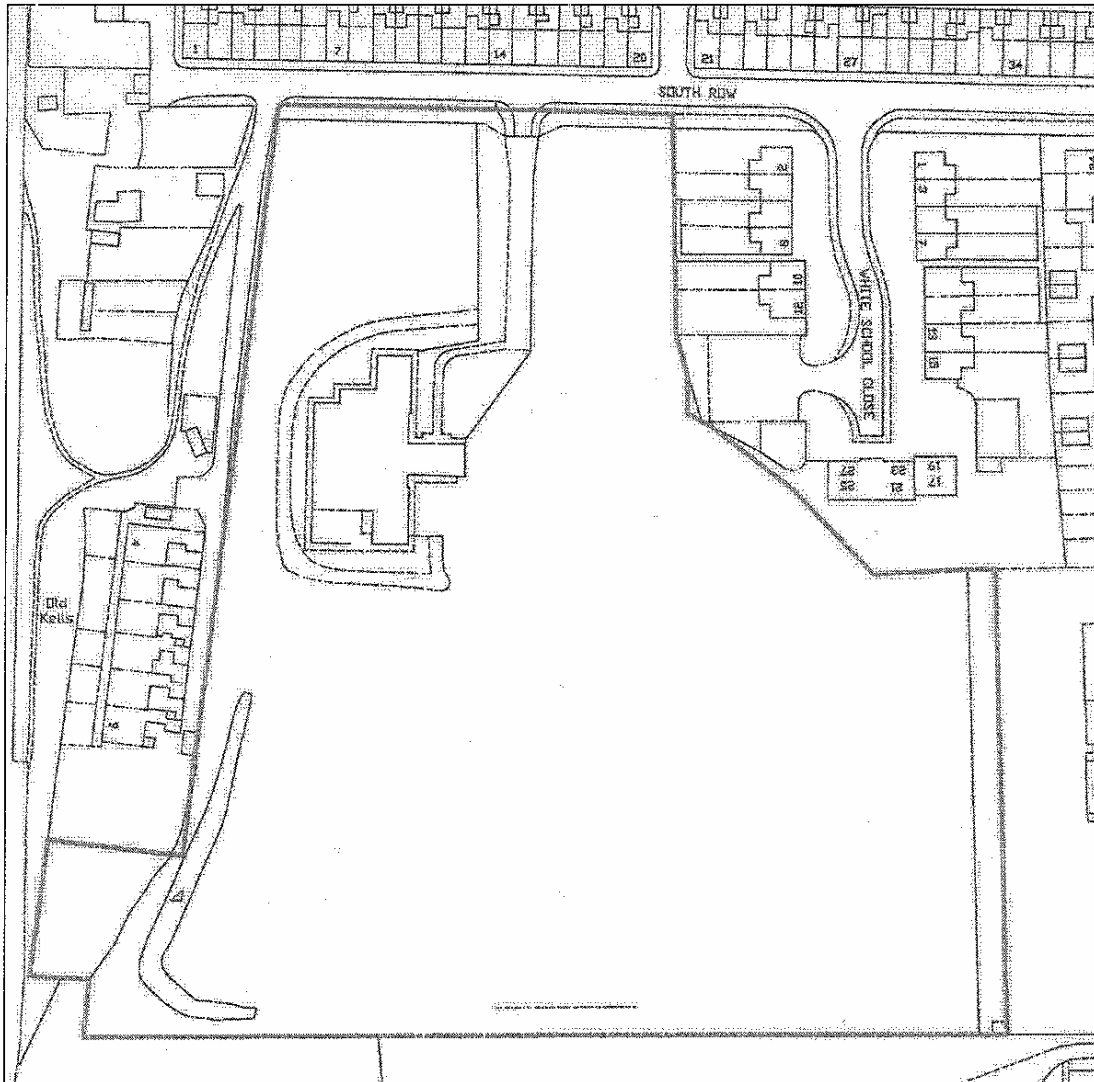
Please confirm against the issue if the key issues below have been addressed.
This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	No
Impact on Sustainability	Yes
Impact on Rural Proofing	No
Health and Safety Implications	No
Project and Risk Management	No
Impact on Equality and Diversity Issues	No
Children and Young Persons Implications	No
Human Rights Act Implications	No
Monitoring Officer Comments	Subject to involvement of Legal Services in settling terms of disposal, no comments.
Section 151 Officer Comments	Nothing further to add - see para. 5.1.

Please say if this report will require the making of a Key Decision YES

RESIDENTIAL DEVELOPMENT LAND

Former Gym Site, Whites School, Kells,
Whitehaven



Licence No LA 077631 not to scale

SITE LAYOUT SELF BUILD AREA

