

BRECKLAND DISTRICT COUNCIL

Report of Elizabeth Gould, Executive Member for Planning and Environmental Services

To: Cabinet: 20 November 2012

(Author: Darryl Smith, Principal Housing Officer)

Subject: Delivery of Affordable housing on Council owned land at Snetterton North End

Purpose: To consider a proposal to dispose of land at Snetterton North Ed for the provision of 10 units of affordable housing to meet housing need.

Recommendation(s):

To agree the disposal of land at a cost of £90,000 to Wellington Construction Ltd for the delivery of 10 units of affordable housing.

1. BACKGROUND

- 1.1 The Council owns a number of sites which has reviewed through the active land management (ALM) process to identify proposals to make best use of the land. Some of the land holdings have been identified as suitable for housing, one such site is a piece of land at North End, Snetterton.
- 1.2 The site is 8,871m² in size and lays outside the development boundary for the parish, although it is adjacent to a number of former council owned units transferred to Flagship Housing Group in 1993. The site is partly licenced for agricultural use and part is licenced as garden land. The agricultural licence yields £50 per annum and a notice period of 12 – 18 months exists.
- 1.3 During the process of the ALM, consultants have been used. One of those consultants, LSI architects, approached the Council with a developer with a proposal for developing some of the Council owned sites. Through cross departmental discussions, evaluation of the proposals has been undertaken and the first proposal is contained within this report.
- 1.4 Wellington Construction Ltd (WCL) are a Lowestoft based developer who have been active within the affordable housing sector since 1997 partnering with a range of Housing Associations to develop opportunities across East Anglia. More recently WCL have worked with Local Authorities to bring forward development on their owned assets for residential and commercial purposes.
- 1.5 WCL have carried out a range of options on sites at their own risk. The Council has not incurred any cost with the development of the proposals for this site, excepting Officer time in discussions.
- 1.6 WCL are proposing to develop 10 units of housing to rent on part of the land as indicated on appendix 1. The units will comprise of 8 2bed houses at 71m² and 2 1 bed at 60m². They will be let at an affordable rent that are rents at 80% of the market rent through a Housing Association. WCL will purchase the land from the Council for the sum of £90,000 which has been based on a residual land valuation following a viability assessment.

- 1.7 The capital receipt for the land will be made when the scheme commences start on site. WCL have agreed an open book approach to development and will share any underspends on contingencies at final completion. The profit level the developer is building the units at is 14% which is less than the usual level of 20% used for viabilities and the proposed CIL methodology. The financial assessment of the scheme which is confidential is attached at appendix 2

2. OPTIONS

- 2.1 Dispose of the whole site at the District Valuers assessment of £155,000
- 2.2 Offer the site for tender to try and obtain maximum value for the site
- 2.3 Retain ownership of the site and until such time the land is either included within the development boundary or land values improve.
- 2.4 Approve the disposal of the whole site at a value less than the District Valuers assessment to bring forward the units of affordable housing and open space as per the proposal.
- 2.5 Approve the disposal of the area of land WCL require for the units of housing at a sum of £90,000 and retain the area of land not required for open space.

3. REASONS FOR RECOMMENDATION

- 3.1 Approving the disposal of the site at a value less than the District Valuers report would in effect be equivalent to the Council providing a subsidy to the delivery of affordable housing. It would be usual for the Council or the Homes and Communities agency to subsidise a development outside the development boundary through the capital programme or other grant funding.
- 3.2 Further Exploration with WCL has led to agreement for them to share any costs not used which can be accounted back to the land value. They would test the market again to see if any Housing Association would pay more for the units of housing but highlighted the risk that Saffron Housing Association may decide to fill their programme with other schemes if there are further delays to commitment to the project.
- 3.3 The land which is not sold if retained by the Council could be developed at a later date which in turn could realise a further capital receipt
- 3.4 10 units of housing will be delivered to meet local housing need

4. EXPECTED BENEFITS

- The provision of 10 units of affordable housing will be developed to meet housing need.
- New homes bonus will be paid on the 10 units of housing
- A capital receipt will be obtained for the land developed on.
- Open space could be brought forward for the community in Snetterton

5. IMPLICATIONS

5.1 Legal

Legal advice has not been sought as this is a land transaction and legal advisors will be appointed to carry out the conveyance. The partnering agreement will be subject to legal advice once drafted.

5.2 Risks

There is a risk that delays in the process (such as planning) could delay the start on site of the project which in turn would delay the capital receipt being paid to the Council. An additional risk may be the notice period which could delay the commencement of the project. Delays to the project may result in partners making other financial commitments which may impact on delivery.

5.3 Financial

A proforma B is attached with is report

5.4 Timescales

The scheme will be submitted for planning in January 2013 subject to the outcome, start on site is proposed in April / May 2013 with completion of units in December 2013. These timescales are subject to whatever notice period may exist on the licence to Mr Wyatt

5.5 Equality and Diversity

There are no Equality issues arising from this report

5.6 Stakeholders / Consultation

There has been no consultation undertaken on this proposal. The usual planning consultation will be undertaken through the usual processes by the applicant and the Planning Authority. The usual consultation in the disposal of land will be undertaken by the Asset team.

5.7 Contracts

A partnering agreement will be drawn up by Wellington Construction in relation to the arrangements they will enter into with the Council for the disposal of the site. The Council will not be party to any other contracts in relation to the development of the site.

5.8 Section 17, Crime & Disorder Act 1998

There are no section 17 responsibilities as a result of this report.

6. WARDS/COMMUNITIES AFFECTED

East Guiltcross

Background papers: - Development Options appraisal produced by Wellington Construction Ltd dated 17th July 2012 – confidential report due to having information with is commercially sensitive to WCL

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Director/Officer who will be attending the Meeting

Darryl Smith, Principal Housing Officer (Strategy and Enabling)

Key Decision – Yes

Appendices attached to this report:

Appendix 1 proposed site layout

Appendix 2 Financial appraisal (Confidential)

Appendix 3 D & B report on Wellington Construction (Confidential)