

Wiltshire Council

CABINET CAPITAL ASSETS COMMITTEE

DATE 19/3/13

Subject: Wiltshire Council land – former Depot Site, Coombe Bissett

Cabinet members: Councillors John Thomson and Toby Sturgis

Executive Summary

The Council owned redundant Depot Site at Blandford Road, Coombe Bissett has been vacant for a number of years, and has been earmarked through the Capital Programme for disposal on the open market.

Coombe Bissett and Homington Parish Council have expressed a desire to see the site developed for affordable housing, and have raised this through the Southern Wiltshire Area Board, with a request that the land be disposed of to a Registered Provider for affordable housing provision. Initial enquiries and feasibility studies were carried out over a period of time and consequently it was considered that it could be viable to develop a small number of affordable homes on the site.

In February 2011 a report was taken to Cabinet Capital Assets Committee regarding the disposal of a number of Council owned depot sites, including the site at Coombe Bissett. Approval was given for the site to be disposed of on the open market as part of the Capital Programme, with a value of approximately £150,000 to be achieved. However, the Parish Council and Area Board remain of the opinion that the site should be used for affordable housing, and have continued to express their views on this, including raising the issue through the local press.

Numerous options have been considered for the site, taking into account the Council's need to achieve a capital receipt, and the local community's desire to see affordable housing delivered on the site.

Proposal

To;

1. Consider all of the options proposed at Paragraph 7 and agree on a

final option, and;

2. Delegate authority to the Service Director for Business Services in consultation with the Cabinet Member for Waste, Property, the Environment and Development Control Services to progress the chosen option including carrying out any required procurement or legal activities.

Reason for Proposal

In December 2011 a rural housing needs survey was undertaken with the support of the Parish Council and identified 7 local households seeking an affordable home in Coombe Bissett. The Parish Council are keen to see more affordable housing developed for local people and have suggested that the Council should be making use of its own land to meet affordable housing needs, and should be looking to develop sites which are already within the Housing Policy Boundary rather than developing exception sites which would be the only other alternative.

James Cawley Service Director - Strategy & Commissioning

WILTSHIRE COUNCIL

CABINET CAPITAL ASSETS COMMITTEE

Former Depot Site, Coombe Bissett

Purpose of Report

1. The purpose of the report is to seek Members approval to reconsider the options for disposal of the former Depot Site at Blandford Road, Coombe Bissett. A site plan is attached as Appendix A.

Background

2. In May 2008 the former Wiltshire County Council submitted a planning application for change of use of the depot site, and the development of two residential dwellings with garages. At that stage the site had not been declared surplus, however the application was to determine whether or not the site had a reasonable open market value. The application was put on hold when the Area Board first expressed an interest in the site, and has therefore not been determined.
3. The potential site disposal came to the attention of the Coombe Bissett Parish Council and the Southern Wiltshire Area Board in 2009, at which point the New Housing Team were working with a Registered Provider to consider a possible exceptions site in the village which would accommodate an identified local housing need. It became evident that the Parish Council did not wish to support the development of the exceptions site, as they felt strongly that the Council owned Depot site should be used for that purpose. A formal request was subsequently made through the Southern Area Board that the Depot site be considered for disposal for affordable housing.
4. Initial feasibility studies indicated that an affordable housing scheme was not viable on the Depot site, and the Parish Council were notified accordingly. However, in October 2010, the Parish Council requested a second opinion on the feasibility, and one of the Council's partner Registered Providers subsequently confirmed that a scheme of 4 units could potentially be viable, subject to achieving the necessary planning consent, and subject to a degree of funding being made available.
5. In February 2011 the site was identified for disposal on the open market through the Capital Programme, with a value of approximately £150,000 to be achieved. However, due to the ongoing support by the Parish Council for the site to be used for the delivery of affordable housing, it has been agreed that the New Housing Team could investigate affordable housing opportunities for the site.

6. An in-principle view has been obtained from the Planning Department regarding the likelihood of planning consent being granted. The view is that a scheme of 3 dwellings, rather than 4, could be considered, subject to design and layout. A copy of the Planning Officer's response is attached as Appendix B and also incorporates confirmation from the Highways Team that they would have no objection in principle.

Main Considerations for the Council

7. The site has been earmarked for disposal to achieve a capital receipt of around £150,000. There are a number of options available for consideration, and these are set out below. The financial modelling which provides the residual land value figures for all options is attached as Appendix C. However, it must be noted that these figures are estimates only, and more detailed work would be required in order to fully appraise the different options, taking into account the results of more detailed site investigations.

OPTIONS	ADVANTAGES	RISKS
<p>Disposal of site for Affordable Housing</p> <p><u>Option 1a</u></p> <p>Dispose of the depot site to enable the delivery of 2 x open market homes and 1 x affordable home.</p>	<ul style="list-style-type: none"> • 1 affordable home to be delivered for rent, supported by the Parish Council. • 2 open market homes for sale or rent to be developed on the site, with profits being used to cross subsidise the development of an affordable home without public subsidy. • This option has potential to achieve land value of approximately £135,000 which would provide a 	<ul style="list-style-type: none"> • Some assumptions have been made around build costs, open market sales figures and open market rent figures to produce the approximate land value/capital receipt. This figure could reduce quite significantly if build costs are above average due to site constraints and contamination issues. The build costs are also only based on achieving Code for Sustainable Homes Level 3.

Option 1b

Dispose of site to enable the delivery of 1 x open market home and 2 x affordable homes.

capital receipt to the Council.

- If developed by the Council, the affordable home would remain as a long term Council owned asset.

- This option would not sufficiently address the affordable housing needs of the parish.
- It is impossible to guarantee that any scheme will be viable as this will largely depend on the outcome of contamination reports on the site. This detail will not be known until a Registered Provider carries out further investigations, which will not happen until an in-principle decision has been made on the site disposal.
- If developed by a Registered Provider they may have concerns over taking on the sales risk with a mixed development.

- 2 affordable homes to be delivered for rent, supported by the Parish Council.
- 1 open market home for sale or rent to be developed on the site, with profits being used to cross subsidise the development of the affordable homes

- Some assumptions have been made around build costs, open market sales figures and open market rent figures to produce the approximate land value/capital receipt. This figure could reduce quite significantly if build costs are above

	<p>without public subsidy.</p> <ul style="list-style-type: none"> • This option has potential to achieve land value of approximately £76,000 which would provide a capital receipt to the Council. • If developed by the Council, the affordable homes would remain as a long term Council owned asset. 	<p>average due to site constraints and contamination issues. The build costs are also only based on achieving Code for Sustainable Homes Level 3.</p> <ul style="list-style-type: none"> • Only addresses minimal housing needs in the parish. • Contamination issues could render scheme unviable (as per Option 1a above). • If developed by a Registered Provider they may have concerns over taking on the sales risk with a mixed development and may have some reservations about managing just one individual affordable unit in the locality.
<p><u>Option 2</u></p> <p>The site to be disposed of for the development of 3 affordable housing units, either to be retained, owned and managed by the council, or developed and managed by a Registered Provider.</p>	<ul style="list-style-type: none"> • 3 affordable homes to be provided to meet local housing needs. • If developed by the Council the asset value of the homes and land would be retained by the council 	<ul style="list-style-type: none"> • This option would not generate any land value, therefore no capital receipt to be achieved.

<p>Option 3 Dispose of the site on the open market – anticipated capital receipt £150,000.</p>	<ul style="list-style-type: none"> • Capital receipt of at least £150,000 achieved 	<ul style="list-style-type: none"> • No affordable housing delivered to meet local needs and expectations of local community. • No guarantee of achieving planning consent for 2 large homes on the site as proposed. • Capital receipt may be less than anticipated, depending on the outcome of contamination reports on the site which could affect the cost of any development.
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8. The planning application submitted in May 2008 for two open market dwellings is currently on hold. If the application proceeds and is successful it could potentially increase the value of the site from anything between £150,000 - £300,000. However, a valuation has not yet been carried out, and the value will also be subject to any remedial works required to decontaminate the site. This could affect the valuation quite substantially. If the current application proceeds to determination, there will be no requirement for an affordable housing contribution to be paid as the application will be based on policies in place at the time of application. However, if any revised application is submitted, the new policies will apply and under Core Policy 3 of the South Wiltshire Core Strategy an affordable housing contribution will be payable, which will equate to £30,310 based on the proposals for 2 x 4 bed house. This policy requirement will therefore need to be taken into consideration when placing a final value on the site. If the site is sold without planning consent, this contribution is still likely to be taken into account by any prospective purchaser and the purchase price reduced accordingly.
9. Initial discussions with Planning and Highways colleagues have not indicated any particular planning issues with the proposals to develop 3 homes on the site. However, the proposals will need to be fully worked up and will be subject to planning and local consultation. There is no

- guarantee at this stage that either an application for open market dwellings or for a mix of open market and affordable dwellings would achieve the required consent.
10. The local community and Parish Council are highly supportive of the site being delivered for affordable housing, and are calling upon the Council to use its own land to meet local housing needs. The housing needs survey carried out in December 2011 highlighted an immediate need for a minimum of 7 local households who have a proven local connection to Coombe Bissett. There are a total of 13 applicants on the housing register who are in immediate need for affordable housing in Coombe Bissett, which will include the 7 applicants with a proven local connection.
 11. The council will have nomination rights to the affordable homes in line with Wiltshire Council's Homes4Wiltshire policy.

Environmental Impact of the Proposal

12. There are no known environmental impacts that will impact on this proposal at this time. Depending on which affordable housing option may be pursued, the affordable homes would be built to at least Code for Sustainable Homes Level 3, and possibly to Level 4. The Code aims to reduce our carbon emissions and create homes that are more sustainable. Further considerations around environmental impact would be dealt with at the point of a planning application when specific scheme details are provided.

Equalities Impact of the Proposal

13. Equality and diversity are inherent components of the Council's Housing Allocations Policy which will be applied to the completed dwellings. The provision of additional affordable housing adds to the diversity of our towns and villages by ensuring that the social demography is balanced and that our communities are sustainable and vibrant places to live and work.

Risk Assessment

14. Any approval to dispose of the site for affordable housing could result in a proposed scheme not achieving planning consent, and/or any subsequent surveys undertaken may affect the viability of an affordable housing development. However, this is a risk that would be borne by a Registered Provider who wishes to work up a scheme for the site. Therefore if a viable scheme could not be achieved there would be no financial loss to the Council. There would be no need for the site to change ownership until planning permission had been achieved. In the event that planning permission cannot be achieved for a viable affordable housing scheme within an agreed timescale, the site can be sold by the Council on the open market as per the previous decision.

15. If the site is disposed of on the open market, as per the current position, the opportunity to deliver affordable housing in Coombe Bissett may be lost, and therefore an identified housing need cannot be met.

Financial Implications

16. The report to Cabinet Capital Assets Committee on 7th February 2011 identified a proposed capital receipt of £150,000 for the Coombe Bissett depot site. Options 1a, and 1b potentially offer a reduced capital receipt, although the figures suggested are based on a range of assumptions. Actual development costs could be higher than anticipated depending on site constraints and contamination issues, which would result in a lower capital receipt being generated.
17. Under Option 2 there would be no capital receipt, although the Council would retain the homes as a long term asset. Under Option 3 there is potential to achieve full capital receipt, although the figure will still be dependent on the outcome of contamination reports.
18. Loss of the relatively small capital receipt in any of the options presented would have an approximate £15k impact on ongoing revenue budgets. This loss represent the cost of additional borrowing to make up the additional £150k not received as a capital receipt.
19. If any of the options which include affordable housing are found to be not financially viable, the site remains in Council ownership and is available for disposal as originally proposed.

Legal and Procurement Implications

20. Under the Local Government Act 1972 local authorities have a duty to obtain the best consideration reasonably obtainable when disposing of land, unless the Secretary of State consents to the disposal. Pursuant to the General Disposal Consent 2003, it is not necessary to seek specific consent for any disposal of land which the Authority considers will help it to secure the promotion or improvement of the economic social or well-being of its area where the difference between the unrestricted value of the interest to be disposed of and the consideration accepted is two million pounds or less. In order for the Council to avail itself of this general consent, it is necessary to be able to show that the benefits assessed match or exceed the undervalue by reference to professional valuation advice, the Community Strategy and Council Policy.
21. Depending on the Option selected, appropriate legal documentation will need to be entered into in relation to the disposal to ensure delivery of the Council's objectives

22. There will be a requirement placed by the Council on the Housing Association to develop housing as part of the transaction. As such this could preclude the transaction being deemed a 'land deal'. In this case the Council's procurement rules will apply. Given the value of the transaction, current EU thresholds for Public Contracts will not apply. An 'exemption' to the Council's procurement rules should be registered.

Options Considered

23. The options for this site are identified above in paragraph 7.

Conclusions

24. There is an opportunity to explore the use of council owned land with a view to delivering a small affordable housing scheme in partnership with a Registered Provider, or developed by the Council.

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Background Papers

The following unpublished documents have been relied on in the preparation of this report:

None

Appendices

Appendix A – Plan of proposed site.
Appendix B – Email from Planning Officer
Appendix C – Financial Modelling