

## WILTSHIRE COUNCIL

### CABINET CAPITAL ASSETS COMMITTEE

24<sup>th</sup> May 2012

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**Subject:** Council Land, Easton Square, Sherston

**Cabinet Members:** Councillors John Thomson and Toby Sturgis

**Key Decision:** No

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#### Executive Summary

An opportunity has arisen to develop some much needed affordable housing and open market housing in Sherston. The council owns a pocket of land, (Appendix A) independently valued at £7,500 in Easton Square, Sherston. The parcel of land is small and is undevelopable without neighbouring owner occupiers contributing some additional land. The owner of no11 keeps the land maintained regularly. No11 and no12 Easton Square are owner occupiers and are keen to work with the Council to combine their housing plots and gardens, see Appendix B, to provide some additional housing and to re-provide their dwellings which can be shown on Appendix C.

#### Proposal

That the Cabinet:

1. Delegates authority to the Service Director for Strategy and Commissioning in consultation with the Cabinet Member for Housing to approve and execute the transfer of Council land valued at £7,500, to GreenSquare for £1, subject to planning permission and full agreement of the owners of nos. 11 and 12 Easton Square.
2. Authorises Officers to work up the scheme with GreenSquare to enable the delivery of a mixed tenure scheme subject to planning

#### Reason for Proposal

The Council's land has been independently valued at £7,500 and is undevelopable without neighbouring owner occupiers contributing some of their surrounding land to deliver some new housing. The owner occupiers of no11 and no12 Easton Square approached the Council to work together to achieve this.

In December 2011 a rural housing need survey was undertaken with the support of the Parish Council and identified 21 households seeking an affordable home in Sherston. The Parish Council are keen to see some more affordable housing for local people. The proposal also makes good use of undevelopable land.

James Cawley Service Director - Strategy & Commissioning

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#### **Purpose of Report**

1. The purpose of the report is to seek Members approval to use a small parcel of Wiltshire Council land to provide some much needed new housing in Sherston in partnership with GreenSquare.

#### **Background**

2. Historically this site has been considered for affordable housing, but has not progressed due to the limited access to the site. There is a real opportunity to use the land for more housing in Sherston. The owners of no11 and no12 are supportive of the proposals.

#### **Main Considerations for the Council**

3. The proposal would be to demolish no11 and no12 to gain access to the whole site. Eight homes could be achieved on the land. Proposals are for two rented homes, two shared ownership homes, two open market and to re-provide two homes for the owners of no11 and no12. A sketch plan of the proposal is attached at Appendix C.
4. The revenues from the open market housing are being re-invested to support the delivery of affordable housing. It is estimated that there will be a shortfall of £50,000 funding. It is intended that affordable housing commuted sums will meet this shortfall, subject to confirmation of final costs on completion of the development. There are no other costs that the Council will be funding.
5. Initial discussions with development services have not indicated any planning issues with the proposals. However, the proposals will need to be fully worked up and will be subject to planning and local consultation.
6. Procurement and Legal advice has been sought. The view is because it is a land transfer, it is outside of both the Council's procurement rules and the European procurement regime.

7. However the transfer of land by the Council at an undervalue to a commercial organisation is on the face of it contrary to State Aid rules. Two factors counter this assertion. Firstly, the value of the land and income from the project is likely to be less than the “de minimis” value above which the state aid rules have force. (The de minimis value is Euro 200,000 in any three year rolling period).
8. Secondly, recent communications from the Commission indicate that projects that are entirely of a social nature and operate within a very restricted geographical area will be considered to fall outside of the state aid prohibitions. The project has a restricted geographical catchment and is entirely social in nature.
9. It can be demonstrated that the land will be used for social housing aimed at local people and so this will not be state aid.
10. Greensquare own and manage a high proportion of stock in the area and have a strong management presence in the area.
11. The owners of no.11 and no.12 Easton Square have been fully involved in discussing the proposals to date. The properties they currently occupy are in need of improvement and have substantial gardens. The redevelopment of the two plots together with the council owned land form a site sufficient to deliver eight new homes, thereby making better use of the land and creating a net gain of six new homes.
12. The owners have been advised to seek their own independent advice around the proposals. The intention is that the owners will be temporarily decanted into GreenSquare homes in the local area whilst their new homes are built.
13. A rural housing need survey was undertaken in December 2011 and identified that 21 households are seeking an affordable home.
14. The council will have nomination rights to the four affordable homes in line with Wiltshire Council’s Homes4Wiltshire policy.

### **Environmental Impact of the Proposal**

15. There are no known environmental impacts that will impact on this proposal at this time. The quality of the affordable homes will be high as they will be built to the Code for Sustainable Homes Level 4. The open market housing and re-provided housing will be built to Code for Sustainable Homes Level 3. The Code for Sustainable Homes (the Code) is the national standard for the sustainable design and construction of new homes. The Code aims to reduce our carbon emissions and create homes that are more sustainable.

## **Equalities Impact of the Proposal**

16. 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**

17. The scheme may not achieve planning. However, GreenSquare are fully funding the viability work and planning application costs. Therefore if the scheme does not proceed there is no financial loss to the Council. In addition, the site will not be transferred to GreenSquare until planning permission has been achieved.
18. The owners may decide they no longer wish to proceed with the proposal. As above, the feasibility works are being funded by GreenSquare and the land transfer will be dependent on agreement with the owners of the two properties. Therefore if the owners withdraw their agreement, the land owned by the council will be retained and there will be no financial loss to the council.
19. The development does not complete or the open market housing does not sell. The commuted sum payment will not be made until completion of the units.

## **Financial Implications**

20. The council owned land has been independently valued at £7,500. This potential capital receipt will not be received if the land is used to deliver affordable housing.
21. The loss of the £7,500 means the council loses out on the option to reduce the revenue cost of borrowing but this is a very minor effect due to the size of the receipt. This capital receipt has not been assumed in the capital programme because it is so small.
22. The total scheme costs are £1,111,086. The value of the two market homes for sale is £440,000. The income from the two shared ownership homes will be £180,000 and the revenue funding from the two affordable rented properties enables the provision of private finance amounting to £161,515. GreenSquare are contributing £199,571. GreenSquare will be applying for £80,000 funding from the HCA. This leaves a shortfall of £50,000 which will be funded through commuted sums. The commuted sum payment will be made on completion of the four affordable homes subject to scrutiny of final accounts.
23. There are no long term budgetary implications surrounding using the Wiltshire Council owned parcel of land. This proposal generates additional affordable housing for local people in Sherston.

## **Legal Implications**

24. By the Local Government Act 1972 the Council has the ability to dispose of sites in its ownership at less than the best consideration that can reasonably be obtained for those sites. If the disposal is at an undervalue of less than £2,000,000 then the "general consent" may be used to allow the sale. However, if the undervalue is greater than £2,000,000 then an application to allow the sale will have to be made to the appropriate Secretary of State.
25. In this case the undervalue is such that the Council may dispose under the general consent.
26. A s.106 agreement will be drafted to ensure the affordable homes remain affordable in perpetuity
27. It has been shown above there are no procurement or state aid issues.

## **Options Considered**

28. There is an option not to proceed with this proposal. However, this will lose the opportunity to provide 4 new affordable homes in the village of Sherston and 2 new open market units.
29. An alternative option would be to dispose of the council owned site and enable the redevelopment of all the homes for open market sale to generate a capital receipt. However, the two current owners would need to find alternative accommodation during the development period and the opportunity to provide new affordable homes in Sherston to meet the locally identified need would be lost.

## **Conclusions**

30. There is an opportunity to use council owned land to deliver a mixed tenure scheme in partnership with a Registered Provider, to increase new housing in Sherston, including the provision of 4 new affordable homes and 2 new open market units.

**Name and title of Director**

**James Cawley**

**Service Director – Strategy and Commissioning (Adult Care and Housing)**

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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 council owned land

Appendix B – Plan of proposed site including nos.11 & 12 Easton Square

Appendix C – Sketch plan of proposed development