

TITLE OF REPORT: 0.33 HECTARE SITE, MEADOW WAY, THERFIELD

REPORT OF THE HEAD OF FINANCE, PERFORMANCE & ASSET
MANAGEMENT

PORTFOLIO HOLDER: COUNCILLOR T.W. HONE

1. SUMMARY

- 1.1 To update Cabinet on the dispose of 0.33 hectares of land at Meadow Way, Therfield.

2. RECOMMENDATIONS

- 2.1 That Cabinet agrees to the sale of land of approximately 0.33 hectares at Meadow Way, Therfield for the provision of 8 affordable houses.
- 2.2 That Cabinet delegates to the Strategic Director of Finance, Policy and Governance, in consultation with the Portfolio Holder for Finance and IT, authority to agree the terms of disposal of the 0.33 hectares of land for the provision of 8 affordable dwellings.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To facilitate the provision of new affordable social housing through the use of Council-owned land that might otherwise remain of limited benefit to the community.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Defer development of the affordable housing.
- 4.2 Provide additional grant funding to Howard Cottage to cover the shortfall of the original scheme.
- 4.3 Consider a revised housing scheme. This would result in fewer affordable dwellings. Howard Cottage have indicated that whilst this would reduced their funding shortfall they would still require additional grant funding to progress a revised smaller scheme.

5 FORWARD PLAN

- 5.1 This report contains a recommendation on a key decision that was first notified to the public on the Forward Plan on 28 October 2014.

6. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 6.1 As detailed in the report of 16 December 2014, the Parish Council, the relevant Ward Councillor and Royston Committee were all previously consulted and were supportive. Officers have been in regular contact with Howard Cottage Housing Association.

- 6.2 On 17 November 2015 the Parish Council, the Ward Councillor and Royston Committee Councillors were provided with an update on the progress with the disposal of the land for affordable housing.

7 BACKGROUND

- 7.1 The District Council owns approximately 1.13 hectares (2.8 acres) of land at Meadow Way, Therfield under registered freehold Tile No. HD497932.

- 7.2 A year ago on 16 December 2014 Cabinet was informed of Howard Cottage's proposals are to build 8 affordable dwellings on 0.33 hectare (approx.) of the District Council's land at Meadow Way.

- 7.3 Cabinet resolved (minute 95, 16 December 2014):

(1) That the land of approximately 0.33 hectares at Meadow Way, Therfield, as coloured green on the plan attached to the Part 1 report, in principle be declared surplus to the Council's requirements, and the sale of the land to Howard Cottage Housing Association for the provision of 8 affordable dwellings be agreed; and

(2) That, subject to consideration of the responses to the notices that will be published in a local newspaper for two consecutive weeks by the District Council's of its intentions to dispose of open space, authority be delegated to the Strategic Director of Finance, Policy and Governance, in consultation with the Portfolio Holder for Finance and IT, to agree the terms of disposal of the 0.33 hectares of land to Howard Cottage Housing Association for the provision of 8 affordable dwellings.

REASON FOR DECISION: To facilitate the provision of new affordable social housing through the use of Council-owned land that might otherwise remain of limited benefit to the community.

- 7.4 Notices were published in a local paper on 8 and 15 January 2015. No objections or adverse comments were received.

- 7.5 In the July 2015 Budget it was announced that social housing tenants will have their rents reduced by 1% a year for the next four years. Previously social housing rents increased by 1% above inflation.

8. ISSUES

- 8.1 The District Council instructed the Valuation Office Agency to carry out an independent valuation of the land based upon Howard Cottages' proposals. The VOA advised on the land value. Following negotiations, Howard Cottage confirmed agreement to this price subject to contract and planning.

- 8.2 The proposed land disposal presents an opportunity for the District Council to make use of land to support the provision of additional housing in a rural village and to deliver an affordable housing scheme to meet the identified local affordable housing need.

- 8.3 After the terms had been agreed between Howard Cottage and the District Council the Government announced that Housing Associations had to cut social housing rents by 1% for the next 4 years from April 2016. Previously Housing Associations had prepared their financial plans on the assumption that social housing rents would increase each year.

- 8.4 Howard Cottage have informed the District Council that in the light of the Government's decision over reducing their rents the assumed returns on new housing schemes have taken a significant hit and that its board could no longer approve any significant schemes including Meadow Way, Therfield.
- 8.5 Since that time Officers have been working with Howard Cottage to explore alternative options to facilitate affordable housing at Meadow Way.
- 8.6 One option was to find an alternative Housing Association to take over the scheme. The Aldwyck Housing Group has a number of existing and planned housing schemes in the area. They have met with Howard Cottage and the District Council. Following their appraisal of Howard Cottage's proposals, Aldwyck have indicated that they would like to move forward in place of Howard Cottage with their scheme. This is based upon the same land value as reported on 16 December 2014 and the assumptions that they can transfer their grant allocation and use Recycled Capital Grant Funding as a top up.
- 8.7 The existing delegated authority (Minute 95, 14 December 2014) only allows for disposal of the 0.33 hectare land to Howard Cottage. It is necessary to seek a new authority from Cabinet if another Housing Association is to progress Howard Cottage's scheme. Howard Cottage are supportive.
- 8.8 Other options for the way forward are listed under section 4 of this report.

9. LEGAL IMPLICATIONS

- 9.1 Cabinet in exercising its functions have powers to dispose of land or buildings where the consideration is between £250,000 and £2,500,000.
- 9.2 The Contract Procurement Rules and specifically Appendix I apply to the sales of land or property. If Cabinet were to agree to dispose of this land, the Officers seeking to market and dispose of the land would be required to do so within the remit of the Contract Procurement Rules.
- 9.3 Section 123 of the Local Government Act 1972 allows a Council to dispose of land in any manner it wishes provided that the consideration is the best that can be reasonably obtained unless the Secretary of State consents to the disposal.
- 9.4 Under Section 123(2) the Secretary of State has issued a general consent for disposals at less than best consideration that can reasonably be obtained. This permits such disposals where:
- (a) the undervalue does not exceed £2,000,000; and
 - (b) it is likely to achieve (in the whole or part of NHDC's area) any one or more of the following objects:
 - (i) the promotion or improvement of economic well-being;
 - (ii) the promotion or improvement of social well-being;
 - (iii) the promotion or improvement of environmental well-being.

If the proposed disposal proceeds at an undervalue then it can do so under this general consent.

- 9.5 Sections 123(2A) and 127(3) of the Local Government Act 1972 require a local authority wishing to dispose of open space to advertise its intentions in a local newspaper for 2 consecutive weeks and to consider objections. Authorities should carry out these procedures before making any final decisions.

- 9.6 There may be specific legal implications relevant to the sale of the property e.g. covenants on Title, easements and third party rights. The land is subject to third party rights. However there is nothing revealed in the Land Registry paperwork that would prevent/hinder the disposal of the land for development
- 9.7 Currently New Homes Bonus is paid through Section 31 of the Local Government Act 2003 as an unringfenced grant.

10 FINANCIAL IMPLICATIONS

- 10.1 As with previous disposals to Residential Social Landlords, the price will be discounted to allow for the provision of full nomination rights.
- 10.2 Central Government currently provides New Homes Bonus funding for six years on the basis of the national Band d (£1,468 for 2014). It is split 80% to the District Council and 20% to the County Council, with an additional premium of £350 per year to the District Council for each affordable home.
- 10.3 Therefore, if this site was progressed for residential use and assuming 8 homes were to be built, this development would represent a New Homes Bonus sum in the region of £10,000 per year for six years.

11 RISK IMPLICATIONS

- 11.1 Potential risks identified with the project include planning consent being withheld and failure to obtain total funding for the project.
- 11.2 If the Cabinet does not agree to the sale of some of its land holdings at an under-value, there is a risk for the District Council of an adverse impact on its ability to deliver affordable housing for local people.
- 11.3 The sale of assets reduces the risk to the District Council arising from the duties under the Occupiers Liability Act 1957 and 1984. The sale will also generate a capital receipt to assist in funding the District Council's capital investment programme. If land is disposed of at less than market value, this will mean a reduction in capital receipt for the District Council.

12 EQUALITIES IMPLICATIONS

- 12.1 The Equality Act 2010 came into force on the 1 October 2010. The Act created a new Public Sector Equality Duty, which came into force on the 5 April 2011. There is a general duty, described in 8.2, that public bodies must meet, underpinned by more specific duties which are designed to help meet them.
- 12.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give **due regard** to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.3 This land is offering potential for new housing that may benefit the wider community. Amongst the community, to benefit, there may be those who exhibit a protected characteristic. The proposed sale of this land has potential positive equality implications for the community. If Section 106 criteria are applied to the sale, then this could further provide benefits to the wider community. This is an "exception site" and a case will be needed to demonstrate that there is an identified local need for affordable housing.

13 SOCIAL VALUE IMPLICATIONS

- 13.1 As the recommendations made in this report do not constitute a public sector contract, the measurement of “social value” as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at Paragraph 12.

14 HUMAN RESOURCE IMPLICATIONS

- 14.3 There are no human resource implications arising from this report.

15. LOCATION PLAN

- 15.1 Appendix A – The plan attached to the part 1 public report is approximate and for identification purposes only. The exact site boundary may change due to design requirements, dwelling mix and planning.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

- 17.1 Land Registry freehold Title Number HD497932.
17.2 Valuation report, Valuation Office Agency.