

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet
AUTHOR: Development Services Director

8 June 2006

DISPOSAL OF LAND TO THE PAPWORTH TRUST FOR AFFORDABLE HOUSING

Purpose

1. To consider the disposal of land and/or property in the Council's ownership at the following locations to the Papworth Trust to enable the provision of affordable housing to meet the identified housing needs of people with physical and/or other disabilities:
 - a. Part of open grassed area at Nether Grove, Longstanton
 - b. Land at Magna Close, Great Abington
 - c. Car park at Queens Close, Over
 - d. Block of 23 garages at Evans, Way Sawston
 - e. Block of 5 garages at Rivey Close, Linton

Effect on Corporate Objectives

| | | |
|----|------------------------------|--|
| 2. | Quality, Accessible Services | By making best use of existing resources the Council can contribute to meeting the identified housing needs of the district. |
| | Village Life | The provision of additional affordable housing will help sustain existing village communities. |
| | Sustainability | |
| | Partnership | The Council is working in partnership with Registered Social Landlords to achieve its affordable housing targets. |

Background

3. A number of sites have been identified as possibly suitable for the development of affordable housing and, in particular, the provision of specialist accommodation primarily for households including person(s) with a physical and/or other disability eg sensory impairment, learning difficulties.
4. Officers have been working with the Papworth Trust to bring forward proposals to meet identified housing needs on these sites and the proposals outlined in the following paragraphs have now been successful in achieving necessary planning consents.
5. At this time no funding source has been identified for any of the proposals under consideration. All the schemes outlined in this report were submitted as bids for the Housing Corporations National Affordable Housing Programme (NAHP) 2006-08 but did not receive an allocation.
6. However, there is expected to be a further 'min-bid' round specifically for supported housing schemes this summer and these schemes will be re-submitted at that time. There is at this time, however, no guidance available and no formal timetable for the 'min-bid round' so no indication can be given as to when the outcome of the bids process will be announced.
7. Any schemes that are still without a funding allocation after the 'mini-bid round' will need to be revisited and/or alternative funding sources identified if possible. The

Papworth Trust have conformed that due to the nature of their schemes they are relatively high cost and as rented units are not capable of being delivered without grant even with the provision of free land.

Considerations

8. The background to and details of each proposal are set out in the following paragraphs.
9. Nether Grove, Longstanton
The plan attached as **Appendix A** to this report shows the location of the land that could be utilised to provide a purpose built three bedroom bungalow suitable for a family including a household member with a physical disability.
10. This property will provide for the needs of an identified family currently living in unsuitable accommodation within Longstanton.
11. The Parish Council expressed concerns over the proposal because of a perceived loss of open green space even though a significant proportion would be retained. Planning Officers were asked to explore with developers the option of provision a suitable property within the Home Farm development but there is no affordable housing obligation unless the scheme were to exceed the 500 dwellings for which planning permission has already been granted. This means that land could only be made available at full open market value and then, only if the developers were willing to sell a parcel of land for this purpose.
12. Further whilst other Council owned land within Longstanton has been considered there are no viable more suitable alternative sites that could offer a solution within the short term. For example a Council owned garage site at and/or a redevelopment of Airey homes in Haddows Close have previously been given consideration but issues with the site(s) have yet to be resolved and it could therefore be some considerable time before viable proposals could be brought forward, if at all.
13. The housing needs of the family in question are considered to be urgent as they have already been waiting some considerable time to be found more suitable accommodation. Therefore, given the uncertainty around any future affordable housing requirement on the Home Farm development and the timescale involved with this and possible alternative Council owned sites in Longstanton that the Nether Grove proposal is supported by Housing Officers. However, the scheme will of course be subject to the necessary planning consents and the application has yet to be determined.
14. Magna Close, Great Abington
The plan attached as **Appendix B** to this report shows the location of the land that could be utilised to provide a purpose built three bedroom bungalow suitable for a family including a household member with a physical disability.
15. This scheme has been worked up in consultation with the Local Member and Parish Council and neighbouring residents. A planning application was approved in September 2005.
16. Queens Close, Over
The plan attached as **Appendix C** to this report shows the location of the land that could be utilised to provide a purpose built four bedroom house and a three bedroom

bungalow suitable for families including a household member with a physical disability.

17. The proposed site is an underused car parking area provided for the occupiers of flats in Queens Close. All affected residents have been consulted on the development proposals by Shire Homes and their comments have been taken into account in the provision of alternative parking for existing residents on the site.
18. The new parking arrangements will be much closer to the flats and will increase the overall number of parking spaces available for residents so should represent an improvement that will benefit existing residents as well as provide much needed additional housing for people with physical disabilities in our district.
19. A planning application has also been submitted for the scheme and further consultation will have been carried out as part of the planning process. It is expected that the planning application will be determined soon.

Evans Way, Sawston

20. The plan attached as **Appendix D** to this report shows the location of a garage site that could be utilised to provide two properties suitable for families who include a household member with a physical and/or learning disability.
21. The existing block of 23 garages are not well used with only 5 being in use in October 2005. The condition of the garages is poor and they are in need of major repairs and as there are much higher priorities for capital investment particularly in relation to meeting and maintaining Decent Homes such expenditure cannot be justified.
22. The garage site was therefore identified as a potential affordable housing site and, initially in 2004, a general needs housing scheme comprising of 8 one and two bedroom flats was considered in partnership with Circle Anglia. However, planning requirements for predominantly single storey low density development meant that the Circle Anglia scheme was unlikely to get planning approval.
23. The Papworth Trust were subsequently contacted as they have successfully redeveloped a number of former Council garage sites in the district to provide wheelchair accessible accommodation for people with physical and/or learning disabilities.
24. The proposal of a 4 bedroom house with ground floor accommodation for a family with a household member with a physical disability and a 3 bedroom fully wheelchair accessible bungalow has been put forward based on the specific needs of two local families.
25. Following submission of a planning application in respect of the proposed scheme this was approved on 11th April 2006.

Rivey Close, Linton

26. The plan attached as **Appendix E** to this report shows the location of a garage site that could be utilised to provide a property suitable for a family which includes a household member with a physical and/or learning disability.
27. The site formerly accommodated a block of 5 garages but these were demolished because they were beyond economical repair. There are other Council-owned garages nearby which were offered to residents who previously rented garages at Rivey Close.

28. The former garage site was therefore identified as a potential affordable housing site and the Papworth Trust were asked to investigate options as they have successfully redeveloped a number of former Council garage sites in the district to provide wheelchair accessible accommodation for people with physical and/or learning disabilities.
29. The proposal of a 4 bedroom house with ground floor accommodation for a family with a household member with a physical disability has been put forward based on identified local housing needs.
30. A planning application was submitted and has been approved with a planning permission having been issued on 7th February 2006.
31. The Papworth Trust are seeking the Council's approval, in principle, to the disposal of these 5 sites at nil cost in order to help subsidise the schemes.
32. As part of their bid submission to the Housing Corporation they will have to identify any land costs and in assessing schemes in terms of value for money, etc the Housing Corporation would expect to see provision of free land in order to minimise any grant requirements.
33. Further in terms of demonstrating deliverability it would be helpful if any bid could include that Council approval has been obtained for disposal of the land to the Papworth Trust. These disposals could be made conditional on the necessary planning consents and confirmation that a financially viable scheme can be delivered.

Options

34. *To agree to the disposal of each site to the Papworth Trust at nil cost:* this would be on the basis of a 125 year lease at a £1 premium with a peppercorn rent payable annually over the term of the lease. This would help reduce scheme costs and, therefore, grant requirements thereby increasing the possibility of a bid for funding being successful.
35. *To agree to the disposal of the land based on the valuation of the site for affordable housing purposes:* the five schemes as proposed would not be financially viable with a land cost without a higher level of grant and this would make the schemes less attractive to the Housing Corporation especially as they are already relatively high cost schemes.
36. *To retain the land in the Council's ownership:* this option would not be consistent with the Council's corporate priority to increase the supply of affordable housing or ensure that resources are maximised to meet corporate priorities/objectives.
37. *To consider disposal of some or all of the sites to another RSL for general needs affordable housing schemes:* this option has already been explored where it was considered to be appropriate eg Evans Way, Sawston but all the sites are relatively small and are not suitable due to various constraints for family housing.
38. Given the available options it is considered that disposal of the 5 sites to the Papworth Trust is the best course of action as this will directly contribute towards meeting corporate objectives. The capital receipts forgone by provision of a 125 year lease for a £1 premium is considered to be value for money given that it will provide 7

units of specialist housing accommodation for which the Council will receive nomination rights.

Financial Implications

39. The valuations for each site as assessed by the Council's Independent Valuer Messrs Pocock & Shaw are set out in the following table:

| Site | No of Units | Open Market Valuation | Valuation for Affordable Housing Purposes |
|---------------------------------------|-------------|-----------------------|---|
| | | £ | £ |
| Nether Grove, Longstanton | 1 | 120,000 | 24,000 |
| Magna Close, Great Abington | 1 | 115,000 | 23,000 |
| Queens Close, Over Evans, Way Sawston | 2 | 160,000 | 24,000 |
| | 2 | 155,000 | 21,000 |
| Rivey Close, Linton | 1 | 86,000 | 17,000 |
| TOTALS | 7 | 636,000 | 109,000 |

Note: The above figures indicate an average cost to the Council of the provision of the proposed 7 units is in the region of £90k per unit based on full open market value and £15.5k per unit based on the restricted valuation for affordable housing purposes.

40. A condition within the lease agreement will restrict these sites to their use for affordable housing purposes only.
41. Any capital receipts from such disposals would be ring fenced for housing purposes in order to exempt them from the national capital receipts pooling requirements.

Legal Implications

42. These disposals will not require any specific consents as they are covered by the provisions of the General Housing Consents 2005: Section 25 of the Local Government Act 1988 for the Disposal of Land to Registered Social Landlords 2005 enables local authorities to provide financial assistance or any gratuitous benefit to RSL's including disposing of land for development as housing accommodation. This general consent is subject to the following conditions:
- a) that any housing accommodation on the land when the disposal is completed is vacant and will be demolished after the disposal without being used again as housing accommodation and,
 - b) the disposal by the local authority is by transfer of the leasehold, assignment of a lease with an unexpired term of 99 years or more and
 - c) that the development of housing accommodation on the land will be normally completed not later than 3 years after the disposal and,
 - d) that any housing accommodation to be provided will be let on a periodic tenancy or a shared ownership lease or on a lease for the elderly or hostel or will be occupied mainly or wholly by persons who, on account of mental illness or disability, are receiving supervision or guidance from a local social services authority and,

- e) the local authority is not entitled to manage or maintain any housing accommodation to be provided on the land and,
- f) any right reserved for the local authority to nominate tenants for housing accommodation on the land shall not, in respect of vacancies which arise after the initial letting of the accommodation, exceed 75% of vacancies (to exclude those arising by virtue of internal transfers).

Staffing Implications

- 43. None.

Risk Management Implications

- 44. The schemes are unlikely to attract grant funding without the provision of free land. However, this in itself will not be sufficient to ensure delivery as they are relatively high cost schemes and will therefore still require grant funding.
- 45. In the event that bids submitted as part of the proposed Housing Corporation 'min-bid round' for supported housing schemes is unsuccessful Officers will work with the Papworth Trust to identify potential alternative sources of funding.
- 46. For example an affordable housing programme funded by commuted sums will need to be developed for Members consideration as soon as significant sums are received. It is likely that all schemes that have no grant funding allocation at that time which meet agreed criteria will be put forward for prioritisation and these schemes could be included on that list.

Consultations

- 47. In all cases there has been local consultation on the individual proposals for affordable housing as part of the planning application process. In most cases there has also been local consultation as part of the development of the proposals. There is local support for all but the Nether Grove, Longstanton scheme where the concern is over the loss of green open space.
- 48. Shire Homes have been consulted on and support each of the proposals for these sites.
- 49. Where proposals directly affect existing residents they have also been consulted as part of the development of proposals eg Queens Close, Over.

Conclusions/Summary

- 50. Officers have been working with the Papworth Trust to bring forward proposals to meet identified housing needs of households with physical and/or learning disabilities on a number of Council-owned sites.
- 51. At this time no funding source has been secured for any of the proposals under consideration. However, there is expected to be a further 'min-bid' round specifically for supported housing schemes this summer and these schemes will be submitted to the Housing Corporation for reconsideration at that time.
- 52. Any schemes that are still without a funding allocation after the 'mini-bid round' will need to be revisited and/or alternative funding sources identified if possible. The Papworth Trust have conformed that due to the nature of their schemes they are

relatively high cost and as rented units are not capable of being delivered without grant even with the provision of free land.

53. The options available to the Council can be summarised as follows:
- a) To agree to the disposal of each site to the Papworth Trust at nil cost
 - b) To agree to the disposal of the land based on the valuation of the site for affordable housing purposes
 - c) To retain the land in the Council's ownership
 - d) To consider disposal of some or all of the sites to another RSL for general needs affordable housing schemes
54. It is considered that disposal of the 5 sites to the Papworth Trust is the best course of action as this will directly contribute towards meeting corporate objectives. The capital receipts forgone by provision of a 125 year lease for a £1 premium is considered to provide value for money given that it will provide 7 units of specialist accommodation for which the Council will receive nomination rights.
55. The valuation for affordable housing purposes of each site is provided under the financial implications section of this report. The total value of capital receipts forgone should free land be made available for affordable housing purposes is £109,000 although the open market value of the land is £636,000. However, capital receipts from the sale of housing land would be ring fenced for housing purposes in order to exempt them from the national capital receipts pooling requirements.
56. These disposals will not require any specific consents as they are covered by the provisions of the General Housing Consents 2005: Section 25 of the Local Government Act 1988 for the Disposal of Land to Registered Social Landlords 2005 enables local authorities to provide financial assistance or any gratuitous benefit to RSL's including disposing of land for development as housing accommodation subject to certain conditions being met.

Recommendations

57. Cabinet is recommended that approval, in principle, be given to disposal of the sites stated in this report and attached as appendices A to E, to the Papworth Trust subject to the requisite planning consents and a financially viable scheme being confirmed. The terms of the disposal to be agreed as follows:
- (a) that the Papworth Trust will meet any legal costs incurred by the Council
 - (b) that the Council will be entitled to receive nomination rights of 100% of initial lets and subsequent lettings and,
 - (c) that the sites will be used for affordable housing purposes only.

Background Papers: the following background papers were used in the preparation of this report: None.

Contact Officer: Denise Lewis Head of Housing Strategic Services
Telephone: (01954) 713351