

Meeting: Council

Date: 19 July 2018

Wards Affected: All

Report Title: Disposal of land at St Kilda's for affordable housing delivery and update on housing delivery

Is the decision a key decision? Yes

When does the decision need to be implemented? As soon as possible

Executive Lead Contact Details: Elected Mayor Gordon Oliver, Elected Mayor and Executive Lead for Assets, Finance, Governance and Corporate Services, Economic Regeneration and Transformation/Councillor Cindy Stocks, Executive Lead for Housing

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1. Proposal and Introduction

- 1.1 The report proposes that Torbay Council transfers the land and buildings at St Kilda's former residential care home to a Council owned subsidiary or company wholly owned by Torbay Council at Nil value to provide affordable homes for local people and help meet the objectives of the Housing Strategy as recommended by the Housing Committee.
- 1.2 Torbay's Housing Strategy 2015 – 2020 has a target to provide 70 affordable homes each year and by transferring this site and providing affordable housing it will go some way to helping the Council achieve this objective.
- 1.3 The preference and if possible, the site will deliver accommodation for older people or residents with care and support needs or local keyworkers.
- 1.4 Section 1 point 2 of the supporting information provides an update in response to the motion on the 21st June 2018.
- 1.5 Alternatively the Council could dispose of this asset on the open market and receive a capital receipt in accordance with the Council's Corporate Asset Management Strategy.

2. Reason for Proposal

- 2.1 In recent years the Council has been reliant on planning gain for the delivery of affordable housing. This method is completely reliant on the private sector build rates and the viability of individual sites and very rarely provides the size and type of accommodation for those with specialist requirements. By transferring this site to a Council owned subsidiary or company wholly owned by Torbay Council it can be used to meet those strategic needs that are not met through housing associations and the private sector.
- 2.2 There are currently over 1000 households on the housing register who require affordable housing in Torbay.

3. Recommendation(s) / Proposed Decision

- 3.1 That, subject to 3.2 below, the land at St Kilda's, shown edged red on the plan attached at Appendix 1 to the submitted report, be disposed of at Nil value to a Council owned subsidiary or company wholly owned by Torbay Council in return for nomination rights under the Local Government Act 1972: General Disposal Consent 2003.
- 3.2 That the Council enter into a satisfactory grant and nomination agreement with a Council owned subsidiary or company wholly owned by Torbay Council detailing what is to be provided on the land and the Council's nomination rights for 100% of the affordable properties on the site in perpetuity and to delegate authority to the Chief Executive in consultation with the Executive Lead for Housing to agree the detailed terms of this agreement.

Appendices

Appendix 1: Site Plan St Kilda's, Drew Street, Brixham

Background Documents

None included

Section 1: Background Information

1. What is the proposal / issue?

This report proposes that Torbay Council transfers the land and buildings at St Kilda's former residential care home to a Council owned subsidiary or company wholly owned by Torbay Council to provide affordable homes for local people and help meet the objectives of the Housing Strategy. The proposal is supported by the Council's strategic land task group and the Council's Housing Committee.

Proposed development programme

Task / deliverable	Instruction / start Date	Completion date
Detailed planning application		
Producing planning drawings	Jul-18	Sep-18
Topographical survey	Jul-18	Aug-18
Ecology Survey	Jul-18	Aug-18
Tree survey and root mitigation measures	Jul-18	Aug-18
Drainage and percolation testing	Jul-18	Sep-18
Demolition survey and quote	Aug-18	Sep-18
Planning Fee outline	Sep-18	Sep-18
Financial appraisal		
Prepare cost plan	Sep-18	Oct-18
Prepare business case	Sep-18	Oct-18
Approval of business case at Hsg Committee	10th Sept	19th Nov
Planning Permission		
Submit planning application	Nov-18	Nov-18
Validate planning application	Nov-18	Nov-18
Planning application decision	Feb-19	Feb-19
Land transfer		
Prepare grant and Noms agreement	Nov-18	Dec-18
Undertake legal land transfer	Dec-18	Dec-18
Contractor Procurement		
Agree detailed specification	Dec-18	Jan-19
Prepare tender documents	Jan-19	Jan-19
Undertake procurement	Feb-19	Mar-19
Contractor Selection	Mar-19	Mar-19
Hsg Committee Approval/Board approval to proceed	25th Mar 19	
Contractor Design Stage		
Undertake construction drawings	Mar-19	Apr-19
Approving/finalising detailed design process with Contractor	Apr-19	
Construction phase		
Mobilisation	Mar-19	Apr-19
Construction	Apr-19	May-20

2. What is the current situation?

The former 36 bed residential home was handed back to the Council from the Care Trust at the end of July 17. Subsequently it was declared surplus by the Council and identified as no longer being required for service delivery. It has been empty since this time.

While the property is empty the Council has to meet the void property costs including, but not limited to, rates, repairs and maintenance, void inspections and insurance.

There are currently over 1,000 households on the waiting list for affordable housing and providing affordable housing on this site will play a part in providing much needed accommodation for local people.

Design work is not yet underway but it is anticipated that the site will generate in excess of 20 homes.

There is the potential for the development on the St Kilda site to provide up to date facilities that will allow people with complex needs to be cared for within the area e.g. local people suffering with Mental Health, Dementia and other health related issues.

The redevelopment of this site will have economic benefits in terms of employment e.g. building/construction, care and associated support services. The construction contract will require the contractor to work with the Council to offer suitable work placement/apprenticeship programme for local people.

Through the Council owned subsidiary or company wholly owned by Torbay Council, Torbay Council will receive nomination rights to 100% of the affordable units delivered in perpetuity to help meet the needs of local people.

In response to a recent motion at Council 21st June 2018 and by way of an update the Housing committee and the Council has approved the decision to deliver affordable housing on sites at Redwell lane and Totnes Road. Work has commenced well and almost all of the necessary surveys have been completed. The design work is well underway with the target of submitting planning applications in August and September.

The following high level programme gives you an indication of the proposed timeline.

Task / deliverable	Totnes Road	Redwell Lane
Detailed planning application drawings and surveys		
Start date	May-18	June 18
End Date	Sept 18	Oct 18
Financial appraisal		
Start date	July 18	Aug 18
End Date	Oct 18	Nov 18
Approval of business case at Hsg Committee	Oct 18	Nov 18
Planning Permission		
Start date	Sept 18	Oct 18
End Date	Dec 18	Jan 19
Land transfer		
Start date	TBC	TBC
End Date	TBC	TBC
Contractor Procurement		
Start date	Dec 18	Jan 19
End Date	Mar 19	Apr 19
Hsg Committee Approval/Board approval to proceed	Mar 19	Apr 19
Contractor Design Stage		

	Start date	Mar 19	Apr 19	
	End Date	Apr 19	May 19	
	Construction phase			
	Start date	May 19	June 19	
	End Date	Apr 20	May 20	
3.	<p>What options have been considered?</p> <p>Disposal of the site at full open market value to maximise the capital receipt to help fund the Councils Capital programme.</p> <p>Disposal to a housing partner to maximise the affordable housing at either discounted or nil value.</p>			
4.	<p>How does this proposal support the ambitions, principles and delivery of the Corporate Plan?</p> <p>A prosperous and healthy Torbay</p> <p><u>Principles:</u></p> <ul style="list-style-type: none">• Using reducing resources to best effect• Integrated and joined up approach <p><u>Targeted actions:</u></p> <ul style="list-style-type: none">• Protecting all children and giving them the best start in life• Working towards a more prosperous Torbay• Ensuring Torbay remains an attractive and safe place to live and visit• Protecting and supporting vulnerable adults			
5.	<p>Who will be affected by this proposal and who do you need to consult with?</p> <p>Brixham Neighbourhood plan has included St Kilda's in the Brixham Neighbourhood Plan as an allocated site for affordable housing and so there is strong support from the community for this use.</p> <p>The proposal to dispose of this land to a Council owned subsidiary or company wholly owned by Torbay Council at Nil value was presented to the Councils Strategic Land task Group where the various options were considered and debated. The outcome was that the group supports the proposal to dispose of the site at Nil value for affordable housing.</p> <p>The proposal to dispose of this land to a Council owned subsidiary or company wholly owned by Torbay Council at Nil value was presented to the Councils Housing Committee where the various options were considered and debated. The outcome was that the group supports the proposal to dispose of the site at Nil value for affordable housing.</p> <p>If disposed of at Nil value then it will affect the Councils capital programme and will limit the Councils ability to deliver this programme. Therefore the Councils finance department are a key consultee. Their view is:</p> <p>Transferring the land to the housing company at nil value is contrary to two existing council policies:</p>			

	<p>1) In the approved Capital Strategy (Council February 2018)</p> <p>“The current policy is to pool all receipts from the sale of all assets sold to support the Capital Plan in line with funding the Council’s priorities. The current Capital Plan has a capital receipts target (£0.9m as at Quarter 2 2017/18) to support the approved Plan that has not yet been met. All capital receipts received should be allocated to support this target and not allocated to new schemes”</p> <p>The Council still has an existing capital receipts requirement to fund both fund previous capital expenditure and to part fund the council’s ongoing transformation programme.</p> <p>2) In the Housing Rental Company – Policy Framework Document (Council July 2017)</p> <p>“The business case/phase demonstrates long term viability and that it will be at least cost neutral to the Council over the lifetime of that home or group of homes</p> <p>Transferring the land at nil value is a cost to the Council in relation to the forgone capital receipt which is contrary to the “cost neutral” objective in the Policy Framework.</p>
6.	<p>How will you propose to consult?</p> <p>The site was part of the detailed consultation of the neighbourhood planning process. The consequence of this is that the site has been identified for housing within that plan.</p> <p>All affected departments within the Council have been consulted as part of the report drafting process.</p>

Section 2: Implications and Impact Assessment

7.	<p>What are the financial and legal implications?</p> <p>In making the decision to transfer at Nil value and not disposing of the site at full open market value the Council would be forgoing a capital receipt.</p> <p>This has an impact on the Councils capital programme which currently has insufficient funding.</p> <p>It is not possible to give an indication on the value that the Council would be foregoing by not selling the site for maximum value. The value that could be obtained is informed by what the site can deliver against the cost of delivering it.</p>
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8.	<p>What are the risks?</p> <p>The detailed feasibility and appraisal work has not yet begun and there is a chance that the site may not be viable for an affordable use. The site sits within a conservation area and as such the redevelopment costs are likely to be more expensive than other areas.</p> <p>There is a risk that the site may not achieve the desired planning permission and the time taken to undertake this work will result in prolonged void management costs.</p> <p>Pre application advice and surveys would be undertaken to minimise this risk.</p>
9.	<p>Public Services (Social Value) Act 2012</p> <p>The redevelopment of this site will provide economic benefits to the community in terms of employment e.g. building/construction, care and associated support services. The construction contract will include the requirements for the contractor to have in place a suitable work placement/apprenticeship programme for local people.</p>
10.	<p>What evidence / data / research have you gathered in relation to this proposal?</p> <p>Housing waiting list numbers from Devon Home Choice.</p> <p>Demand data for supported accommodation.</p>
11.	<p>What are key findings from the consultation you have carried out?</p> <p>There is an acute need for affordable housing in Torbay.</p> <p>There is a need to retain the income to help fund the capital programme.</p>
12.	<p>Amendments to Proposal / Mitigating Actions</p> <p>Providing both recommendations for Members consideration.</p>

Equality Impacts

13	Identify the potential positive and negative impacts on specific groups			
		Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
	Older or younger people			There is no differential impact
	People with caring Responsibilities			There is no differential impact
	People with a disability			There is no differential impact
	Women or men			There is no differential impact
	People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>			There is no differential impact
	Religion or belief (including lack of belief)			There is no differential impact
	People who are lesbian, gay or bisexual			There is no differential impact
	People who are transgendered			There is no differential impact
	People who are in a marriage or civil partnership			There is no differential impact
	Women who are pregnant / on maternity leave			There is no differential impact
	Socio-economic impacts (Including impact on child			There is no differential impact

	poverty issues and deprivation)			
	Public Health impacts (How will your proposal impact on the general health of the population of Torbay)			There is no differential impact
14	Cumulative Impacts – Council wide (proposed changes elsewhere which might worsen the impacts identified above)	There is no differential impact		
15	Cumulative Impacts – Other public services (proposed changes elsewhere which might worsen the impacts identified above)	There is no differential impact		