

EXETER CITY COUNCIL

**SCRUTINY COMMITTEE – COMMUNITY
4 SEPTEMBER 2007**

**EXECUTIVE
18 SEPTEMBER 2007**

**ST ANDREWS ROAD
AFFORDABLE HOUSING DEVELOPMENT**

1. PURPOSE OF REPORT

- 1.1 To seek a declaration that a parcel of Council owned land off St Andrews Road, Exwick (shown edged black on the attached plan), is surplus, and to obtain approval for the disposal of the subject land to Sanctuary Housing Association (SHA), at less than best value, any capital receipt to be ring fenced to grant aid an affordable housing scheme on the site and to cover the cost of enabling works both on and off site.

2. BACKGROUND

- 2.1 This site was identified when work was recently undertaken to identify potential infill sites, suitable for the development of affordable housing, on Council owned land. Part of the site is a remnant of land that was not included in the disposal of the neighbouring Exwick Mill site, and part was originally acquired to enable flood defence work. Flood defences on this land were not required as a result of the construction of the flood relief channel. Subsequently there were proposals to use this land to provide a relief road linking St Andrews Road with Station Road but these have since been dropped. The land, which is held under the Council's General Fund, is therefore surplus to operational requirements.
- 2.2 Planning Services have confirmed that a residential development on the land would be acceptable. Design work has been undertaken in conjunction with Sanctuary Housing Association (SHA) and a planning application for up to 27 dwellings is expected to be submitted shortly. These would comprise a mix of one, two and three bedroom flats.
- 2.3 The Service with responsibility for the land, Contracts and Direct Services, have been consulted and are supportive of the scheme although they have identified a number of enabling works that they would require if the land were to be disposed of. These include; the construction of a Devon bank to separate the development from the adjacent valley park; the provision of a cycle route over the site, which would ultimately link up with Station Road; additional planting and landscaping on site and elsewhere in the valley park, as well as on the other side of the river; and improvements to the Station Road Play Area. It is also likely that further enabling works and or cash contributions will be required as a condition of any planning consent. These would be dealt with under a Section 106 agreement linked to the planning consent.

- 2.4 Depending upon the final layout of the scheme it is likely that to enable the construction of a Devon bank, as referred to at 2.3 above, it will be necessary to acquire a narrow strip of land from the Environment Agency. The EA have agreed in principle to transfer this land to the Council but a value has not been agreed.
- 2.5 It is anticipated that the Council would dispose of this site to SHA by way of 125-year lease under which they would procure the affordable dwellings. Delegated Powers were agreed by Executive on 4 July 2006 to allow the disposal of Housing Revenue Account land for affordable housing, but as this land is held within the General Fund a specific approval is required for this disposal.
- 2.6 It remains too early to precisely assess the Market Value as many aspects of the proposed scheme have not yet been defined. However, Estates Services have prepared a desktop appraisal and it is anticipated that a developer might be prepared to pay in the region of £600-£800,000 for the site on the open market, less the cost of acquiring the strip of land from the Environment Agency, the costs of enabling works and costs associated with a section 106 agreement.
- 2.7 Under normal circumstances a scheme such as this would not be brought before Executive unless it had been fully crystallised and planning consent obtained. However, the Housing Corporation have previously approved £475,000 of Social Housing Grant to another SHA scheme that will not now proceed. In order that this funding can be reallocated to this scheme, SHA need to be able to demonstrate to the Housing Corporation that they have the Council's in principle decision to transfer the land to them, otherwise this funding will be lost. SHA will also need to bid for further Social Housing Grant funding as this is a larger scheme and an in principle decision will enable them to do so at an early stage.
- 2.8 In order that a scheme on this site can be viable Housing Services expect to have to provide further assistance to SHA. This might be achieved either by a less than best disposal or by recycling any capital receipt in excess of the cost of the enabling works as grant.
- 2.9 The Council would receive full nomination rights to all of the properties in perpetuity.

3. PROPOSAL

It is proposed that:

- 3.1 The land be declared surplus.
- 3.2 Delegated powers are granted to the Head of Estates Services, in consultation with the Leader, the Portfolio Holder for Housing and Social Inclusion, the Portfolio Holder for Community and Environment, and the Heads of Service for Treasury, Housing, and Contracts and Direct Services, to dispose of the land to Sanctuary Housing Association by way of a 125-year lease, at or below market value for affordable housing, subject to 100% nomination rights being granted to the City Council in perpetuity.

3.3 Any capital receipts are ring fenced for use in grant aiding affordable housing and for the acquisition of the Environment Agency land. The Head of Treasury Services to allocate the receipt within the capital programme.

4 RESOURCE IMPLICATIONS

4.1 Any capital receipt would be recycled to grant aid the scheme, to cover enabling works on and off the site, and to finance the acquisition of the Environment Agency land.

4.2 There is no revenue implication associated with this transaction or any impact on the current capital programme.

5 RECOMMENDED that:

- 1) The above proposals are supported by Scrutiny Committee Community and agreed by Executive.

HEAD OF HOUSING SERVICES

S:LP/Committee/907SCC18
24.8.07

COMMUNITY & ENVIRONMENT DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report

None