

REPORT TO EXECUTIVE

Date of Meeting: 20 May 2025

REPORT TO COUNCIL

Date of Meeting: 10 June 2025

Report of: Strategic Director of Corporate Resources & s151 Officer and the Head of Commercial Assets

Title: Disposal report seeking authority to dispose of the former Clifton Hill Leisure Centre.

Is this a Key Decision?

Yes

Is this an Executive or Council Function?

Executive and Council

1. What is the report about?

1.1 Following tenders in October 2024 and best and final tenders in November 2024 officers are asking Executive to approve the disposal of the Former Clifton Hill Leisure Centre site (see Appendix 1) to the highest bidder for the delivery of a 100% Affordable Rent Extra Care housing scheme for older people.

2. Recommendations:

That Executive resolves to approve the following:

2.1 The sale of the Former Clifton Hill Leisure Centre site to Preferred Homes Limited for £3.375 million (Three Million, Three Hundred and Seventy-Five Thousand Pounds Sterling) at a undervalue of £425,000 conditional upon planning approval being granted for the delivery of 100% Affordable Rent Extra Care housing scheme for older people; and

2.2 That delegated authority is granted to the Head of Commercial Assets, in consultation with the Strategic Director of Corporate Resources (s.151 officer) and the Leader, to approve the final terms of the sale.

That Executive recommends to Full Council:

2.3 The approval of a budget for £50,000, funded by anticipated capital receipts to cover disposal costs (including external agency and legal fees) associated with this sale.

3. Reasons for the recommendation:

3.1 Whilst minimising financial risk to the Council and complying with members' previous instructions the recommendation will also delivering extra care affordable housing greatly needed in Exeter as captured in Appendices 2, 3 & 4 and the policy documents below:

- o Devon County Council's ("DCC") latest Adult Social Care Strategy which can be found here ([Our vision - Promoting independence](#)) and confirms DCC's intention to grow Extra Care Living,
- o the latest Exeter Local Housing Needs Assessment ([Exeter Local Housing Needs Assessment](#)).
- o DCC's recent February 2025 Market Position Statement (with 151 extra care units of current unmet commissioned need in Exeter) - [Market Position Statement: February 2025 - Provider Engagement Network](#); and
- o The Devon Housing Commission Report which specifically identifies the need for Extra Care housing in Devon (due to its rapidly ageing population driven by the internal migration of older people) - [2024EI047-Devon-Housing-Commission-Final-Report-v8.pdf](#)

4. What are the resource implications including non-financial resources

4.1 This development land disposal will generate capital receipts for the Council that could be used to reduce the Council's Capital Financing Requirement.

4.2 The sale will require support services from officers in Commercial Assets, Legal and Finance teams.

5. Section 151 Officer comments:

5.1 If approved, the funds from the capital receipt will have to be used to write down the debt associated with the asset. They are not quite enough, but there is sufficient available in the sale of Mary Arches capital receipt to offset the amount required.

6. What are the legal aspects?

6.1 Local authorities are under a duty to comply with Section 123(2) of the Local Government Act 1972, which requires that except with the consent of the Secretary of State ("SoS") a Council they shall not dispose of land under this section for a consideration less than the best that can reasonably be obtained.

6.2 If the Council chooses to place restrictions on the disposals and these restrictions cause an undervalue of more than £2 million, then SoS consent must first be obtained. Where the under value is less than £2 million, then disposal may take place in accordance with the general disposal consent order (the Local Government Act 1972 General Disposal Consent 2003) subject to paragraph 6.3 below.

6.3 The proposed sale of the land at Clifton Hill, does not involve an undervalue of more than £2 million. Accordingly, the consent of the SoS for the sale is not required.

6.4 Where there is a sale of land by a local authority at an undervalue, the authority must comply with the requirements of the Subsidy Control Act 2022.

7. Monitoring Officer's comments:

7.1 Members' attention is drawn to the legal aspects that apply and must be observed as set out in paragraph 6 above.

8. Report details:

Background

8.1 Clifton Hill is a two-acre site to the northeast of the City Centre in the Newtown and St Leonards ward. The site was formerly a sports centre (see Appendix 1).

8.2 Following approval to scale down Exeter City Living Limited (“ECL”) in October 2023 the Council approved the disposal of the existing Clifton Hill site on the open market (save for Purpose Built Student Accommodation) in December 2023.

8.3 The site was transferred back to Exeter City Council (“ECC”) from ECL at the end of March 2024. In May 2024 the Strategic Management Board (“SMB”) decided on an informal tender disposal of the site for maximum consideration (save a restriction on Purpose Built Student Accommodation as instructed by Full Council). Requests for Quotations were issued June 2024 and JLL were appointed as agents in July 2024.

8.4 The site went to market in August 2024 and tenders for the purchase of the site were received in October 2024. Best and final bids and interviews with bidders were undertaken in November 2024.

Prevailing Situation

8.5 None of the bidders put forward an offer based on taking forward the existing 41-unit planning consent (ref: 22/0365/VOC).

8.6 The highest bidder, Preferred Homes Ltd, is offering to construct a 100% affordable housing extra care scheme.

The Preferred Bidder

8.7 Preferred Homes Ltd is a developer and registered provider who can demonstrate availability of funding and a clear track record of delivery. The initial concept schemes are not considered high risk from a planning perspective. The bid of £3.375m is subject to satisfactory site investigations, surveys and pre-applications prior to exchange.

8.8 The proposed scheme use is extra care (Use Class C2) which the bidder describes as:

“Preferred Homes’ affordable Extra Care delivery model requires Homes England Affordable Homes Programme grant funding which supports the delivery of affordable rented social housing. Rent will be no more than 80% of the open market rent and service charge for a similar open market product.

Residents typically are an average age of 75 years. Whether single or part of a couple, residents can occupy a one-bedroom apartment and consequently, Preferred Homes’ schemes are predominantly one-bedroom apartments with only a few of two-bedroom design. Extra Care residents live independently and fully engage with their surrounding communities. Also, the local communities will fully engage with the development as facilities are provided on site including for example, a café and multi-purpose rooms which can provide activities such as Pilates and yoga, and weekly doctors surgeries. The particular demographic of the residents, coupled with the more limited number of care staff likely to be on site at any one time, ensures car parking and cycling provision needs are much lower than might otherwise be the case.

Of particular importance in terms of building design and shape, is that corridor length is kept to a minimum moving away from an institutional feel by providing reduced and safe walking distances to lifts and central communal facilities. The corridor length is one of the

principal reasons why Preferred Homes developments are designed over four floors rather than three. Air Source Heat Pumps are installed in conjunction with photovoltaics on the roofs of the buildings to reduce energy usage. The combination of the two sustainable technologies means that electricity bills for residents will be significantly reduced and reflects the fact that affordability is at the heart of each development.

Link to Drone Video of recently completed Leeds Extra Care Housing development - <https://f.io/A11wsbQy> ”

8.9 The affordable housing scheme (100% affordable rent which is set at 80% of open market rent), proposes 72 homes and those homes will be made available (via s.106 obligations) to older Exeter residents on the housing register for the first 25 years of the scheme.

Proposed Route Forward

8.10 In December 2023 members decided to restrict the disposal to preclude Purpose Built Student Accommodation (“PBSA”) and at the time the commercial implications of this restriction were estimated in the region of £920k (based on a PBSA residual land value of £3.96m and a residential residual land value of £3.04m). Based on Savills recent formal valuation (March 2025 - available to members by request) the financial impact of the PBSA restriction is actually in the region of £425,000 (based on a PBSA residual land valuation of £3.8m less £3.375m offer from Preferred Homes – see Appendix 3) which is less than half the previously estimated undervalue/ commercial implication.

8.11 A Subsidy Control Report is appended at Appendix 3 which addresses the undervalue in accordance with the Subsidy Control Act 2022.

8.12 The affordable housing scheme may help release larger homes as residents down-size to the scheme and both will create wellbeing benefits and wider healthcare savings whilst the ability to link the occupancy of the Preferred Homes scheme to local need (via the s.106 agreement) may free up homes for families and others on social housing waiting lists, reducing temporary accommodation costs generating long term revenue savings.

8.13 A Social and Economic Impact report provided by Preferred Homes is attached at Appendix 2.

8.14 The officer recommendation is to proceed with the highest bidder Preferred Homes Limited.

Reason for recommendation

8.15 The proposal complies with members’ previous instructions (to disposal of the site for maximum capital receipt subject to a restriction against PBSA) and has secured a bidder who will pay market value (subject to the PBSA restriction) whilst also delivering extra care affordable housing greatly needed in Exeter as captured in the policy documents below and Appendices 2, 3 & 4:

- o Devon County Council's ("DCC") latest Adult Social Care Strategy which can be found here ([Our vision - Promoting independence](#)) and confirms DCC's intention to grow Extra Care Living,
- o the latest Exeter Local Housing Needs Assessment ([Exeter Local Housing Needs Assessment](#)).
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9. How does the decision contribute to the Council's Corporate Plan?

9.1 This decision will contribute to the Council's strategic priorities of 'Leading a Well-Run Council'. By facilitating the development on the Clifton Hill site, the Council will be advancing the corporate priorities of a prosperous local economy and delivering housing and building great neighbourhoods and communities.

10. What risks are there and how can they be reduced?

10.1 An authority cannot dispose of land at less than best consideration unless a decision is taken on the undervalue (having consideration to wider social/ economic/ environmental benefits). To mitigate the risk this report has been prepared for consideration by members.

10.2 The purchaser might sell the site onwards for a profit. This is addressed by the sale being subject to planning for the purposes of an affordable rent extra care scheme and a covenant preventing the use of the site for PBSA.

10.3 The purchaser might not get planning permission for the proposed development and therefore not complete. A formal pre-application has been undertaken and initial discussions with the Local Planning Authority have been positive. Given the scale and affordable nature of the scheme the planning risk is considered to be minimal.

11. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impact on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In relation to this report, no potential impact has been identified on people with protected characteristics as determined by the Act because the proposals do not seek to reduce or change services to the extent that they will impact on any individuals including those with protected characteristics. The former Clifton Hill Leisure Centre is a cleared vacant operational asset and there are no existing residents or tenants.

12. Carbon Footprint (Environmental) Implications:

12.1 In July 2019 the Council declared a Climate Emergency. Disposing of brownfield land for redevelopment should reduce pressure on Greenfield sites which should help the delivering our carbon reduction target (carbon neutral by 2030).

13. Are there any other options?

13.1 The proposal should lead to the positive regeneration of this derelict brownfield site. A “Do Nothing” option is not a recommended route.

**Strategic Director of Corporate Resources & s151 Officer, David Hodgson and
Head of Commercial Assets, Ben Colman**

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Local Government (Access to Information) Act 1972 (as amended)

Appendices:-

- 1) Clifton Hill Red Line Plan
- 2) Preferred Homes – Public Purse & Societal Savings: Social & Economic Impact of Extra Car Housing
- 3) Draft Subsidy Control Report
- 4) Devon County Council Support Letter

Background papers used in compiling this report:-

- 1) Homes England – Measuring Social Value Paper 4: Measuring the Wellbeing and Fiscal Impacts of Housing for Older People - July 2024
- 2) Devon County Council – Promoting Independence – May 2023 (Update February 25)
- 3) Exeter City Council - Exeter Local Housing Needs Assessment: Report of Findings December 2024
- 4) Devon County Council - Market Position Statement: February 2025
- 5) University of Exeter - The Report of the Devon Housing Commission - 2024

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