



REPORT TO EXECUTIVE

PORTFOLIO AREA: GOVERNANCE & RESOURCES; ENVIRONMENT & HOUSING

Date of Meeting: 30 August 2011

Public:

Key Decision: No

Recorded in Forward Plan: No

Inside Policy Framework Yes

Title: DISPOSAL OF LAND FOR AFFORDABLE HOUSING
DALTON AVENUE, RAFFLES, CARLISLE

Report of: Assistant Directors (Resources) & (Community
Engagement)

Report reference: RD 36/11 & CD 11/11

Summary:

This report outlines a proposal under the Homes & Community Agency's Affordable Homes Programme to provide affordable housing on land at Dalton Avenue, Raffles in conjunction with the Council's private sector partner, Lovell Partnership Ltd. The financial aspects of the proposal are considered in Part B of this Report.

Recommendations: It is recommended that:-

The Executive supports the proposal and grants consent to a Variation of the Lovell Partnership Agreement in order to release and dispose of the land required for the scheme, subject to final terms agreed by the Property Services Manager.

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1. BACKGROUND INFORMATION AND OPTIONS

1.1 Context

The Raffles Redevelopment Scheme is a priority initiative in the west of the City aiming at bringing forward transformational change and regeneration to a community where previously failing housing stock, with high voids and turnover, fuelled increasing social problems and deprivation.

Physical regeneration of the Estate commenced in 2004, it is being delivered through a public / private partnership between Carlisle City Council (CCC) and Lovell Partnership Ltd (LPL). The Partnership Agreement set out a 10 year master plan to build 435 affordable homes for sale. To date approximately 210 units have been delivered, more recently in response to the economic climate and downturn in the housing market, the scheme has also seen the provision of affordable rented homes to Registered Providers (RP). Within the framework of the Partnership Agreement under licence LPL build out and sell the houses, the land is provided by CCC in return for a financial return through the payment of “overage”.

There is a clear and increasing need for suitable, quality affordable housing in the Carlisle District. The Strategic Housing Market Assessment for Carlisle indicates a need for 222 affordable houses per annum, particularly for family sized dwellings. The District-wide delivery of affordable housing has suffered in tandem with the economic downturn.

The Raffles Development is identified in the Asset Review Business Plan as part of the Council’s investment portfolio. The Business Plan programmes the asset for disposal, within the Lovell Partnership framework, over the next 4 years in order to generate capital receipts which through reinvestment will be recycled to assist corporate service delivery. There is a balance to be struck between maximising receipts and the need to provide affordable housing, which must be judged in the light of the downturn in values which has taken place in the housing market over the last couple of years.

1.2 The Site

The Dalton Avenue site extends to 0.845 hectares (circa 2 acres) situated within the Raffles Estate. It is a grassed area, the site of former demolished Council housing. The Raffles Vision originally earmarked this site for retail development but there is clearly no market demand for this use. The site is currently allocated in the Local Development Framework for residential use. The Dalton Avenue site falls within the umbrella of the Council’s Development Partnership with Lovell’s.

It is not one of the six sites designated in the initial programme of development, but the Partnership Agreement does allow for further sites to be brought forward, subject to mutual agreement between the parties on terms.

1.3 The Proposal

It is proposed to develop the Dalton Avenue site with 37 dwellings which would be sold to, and managed by, a Registered Provider/Housing Association for the provision of affordable rented accommodation. Subject to planning and final design the development would comprise traditionally constructed properties, a mix of 2, 3 & 4 bedroom bungalows and houses, mainly in a semi-detached format with a specification aimed at delivering Code Level 3 for sustainable homes, with rainwater harvesting and solar hot water renewable energy sources. The schemes mix has been developed in conjunction with the City Council's Housing Strategy team, to ensure the development meets the housing needs of the locality.

Practical arrangements for the delivery of the scheme will be made through a Variation of the existing Raffles Partnership Agreement with LPL. This will set out the nature of the outputs, programme delivery and terms and conditions including the share of financial rewards, and the process for selecting a Registered Provider/Housing Association partner to acquire and manage the finished development.

The timetable for delivery anticipates the submission of a planning application in September, the grant of consent by December and, subject to this and the appointment of a Registered Provider/Housing Association, a commencement on site in March/April 2012. Delivery of the dwellings would initially start in September/October 2012 with the aim to progressively handover 37 homes in 2012/13 and 2013/14.

In conjunction with the Council's procurement team, a tender competition and selection process will be held to find a Registered Provider/Housing Association partner to purchase and manage the finished properties. Prospective bidders would need to meet qualification criteria to ensure that the Council fully benefits from the scheme, including securing homelessness nominations for the scheme's larger properties.

1.4 Homes & Community Agency

This is a scheme which has been brought forward under the Homes and Community Agency (HCA) Affordable Homes Programme (AHP) for Cumbria 2011-2015. This brings together the HCA, Local Authorities and investment partners to bid for grant aid for the delivery of new Affordable rented accommodation.

In May Lovell Partnership, supported by the Council, submitted a developer led bid for an allocation of grant aid to help facilitate the delivery of the Dalton Avenue scheme. Local assessment of bids has been undertaken by the HCA based on the strategic fit, value for money, deliverability and the viability of proposals. It was announced in July that Lovell had been successful on the HCA's Affordable Homes Programme and it now goes forward for the early completion of a contract between the HCA and successful bidder.

Details of the anticipated level of grant aid awarded to the Developer, which will be passed on to the Registered Provider/Housing Association to support their purchase bid, are set out in Part B of the Report.

1.5 Financial Aspects

The Council when undertaking any property transaction has a duty in accordance with the provisions of Section 123 of the Local Government Act 1972 to dispose of land for the best consideration reasonably obtainable unless, in certain circumstances, it exercises its discretion to sell at an undervalue. The Council's policy and practice on the release of assets is set out in the Asset Management Plan.

The financial modelling for the Scheme, including details of the appraisal and bid submitted by Lovell's to the HCA, and the estimated value of the Council's land are set out in Part B. It is considered the capital receipt which will be generated by the proposal represents best consideration for the Council's interest in the land.

1.6 Outputs

The scheme which has secured the backing of the HCA can be commended to the Executive for its potential to bring a number of balanced outcomes together, namely:-

- Delivery of affordable rented housing for Carlisle residents which meets needs and enables the City Council to offer homes to people who are homeless.
- "Early doors" delivery of new housing at a time when traditional supply chains have stalled.
- Delivery built upon an existing public / private partnership agreement with Lovell's which provides a readymade vehicle.
- The potential to secure additional housing benefits through a tender competition and selection process for a partner Registered Provider/Housing Association.
- The opportunity to generate a capital receipt meeting the budgetary objectives of the Asset Review Business Plan Disposal Programme.

2. CONSULTATION

2.1 Consultation to Date:

From inception the proposal has been extensively discussed in officer and Member forums including the Strategic Housing Development Group, SMT and JMT. The Asset Review Business Plan and the associated Disposal Programme has been endorsed by Full Council following an extensive period of consultation with stakeholders and Members in January 2011. The scheme proposals and bid have been subject to discussion with representatives from the HCA.

2.2 Consultation proposed:

The submission of the planning application for the scheme proposals will give local residents and other interested parties an opportunity to make representations on the development proposals as part of the planning process. Further discussion and consultation with Registered Providers/Housing Associations bidding for the purchase and management of the scheme will take place as a result of the competitive tender and evaluation process.

3. RECOMMENDATIONS

It is recommended that:-

The Executive supports the proposal and grants consent to a Variation of the Lovell Partnership Agreement in order to release and dispose of the land required for the scheme, subject to final terms agreed by the Property Services Manager.

4. REASONS FOR RECOMMENDATIONS

The delivery of affordable housing is one of the Council's priority Corporate objectives. This proposal will deliver an additional 37 units towards the Council's strategic targets, whilst also generating a capital receipt in line with the objectives of the Asset Review Business Plan.

5. IMPLICATIONS

- Staffing/Resources – The variation of the Lovell's Raffles Agreement and the competitive tender process to select a partner Registered Provider/Housing Association to purchase the scheme and manage the rented houses will be handled in house using existing resources from the Housing, Legal and Property Services teams.

- Financial – The proposed disposal to Lovell's under the scheme outlined in the report would generate a capital receipt for the Council as set out in Part B of the Report and would also assist in meeting its affordable housing objectives. The disposal of the asset would be required to be written out of the Council's asset register in the year the disposal takes place.
- Legal – A formal variation to the Lovell agreement will be required before this proposal can be progressed and the Executive are being asked to give their consent to the variation. The proposal is ultimately to dispose of the land to a Registered Provider. In the event that the disposal of land is at less than best consideration, full Council's consent would be required.
- Corporate – working with partners to support communities with the delivery of a mix of quality housing is a key action in the Corporate Plan.
- Risk Management – there is a risk that the scheme fails to come to fruition if a Registered Provider or Housing Association cannot be found to acquire the finished scheme, the anticipated level of grant aid does not materialise or, in the current economic climate, the project does not deliver the expected capital receipts & returns.
- Environmental – the development will be designed and constructed in accordance with current environmental requirements.
- Crime and Disorder – no direct or significant impacts anticipated, the scheme will have regard, through the planning process, of the need to build out crime and disorder.
- Impact on Customers – the potential to deliver a mix of quality rented social housing for new residents and the continued regeneration of the Raffles Estate.
- Equality and Diversity – the disposals have no direct impact.

Impact assessments

Does the change have an impact on the following?

Equality Impact Screening	Impact Yes/No?	Is the impact positive or negative?
Does the policy/service impact on the following?	No	N/A
Age	No	N/A
Disability	No	N/A
Race	No	N/A
Gender/ Transgender	No	N/A
Sexual Orientation	No	N/A
Religion or belief	No	N/A
Human Rights	No	N/A
Health inequalities	No	N/A
Rurality	No	N/A

If you consider there is either no impact or no negative impact, please give reasons:

The disposals are part of the Asset Review Business Plan which is driven by the business and budgetary needs of the organisation.