

CARLISLE CITY COUNCIL



Report to:- Carlisle City Council

Date of Meeting:-
4th March 2008

**Agenda Item
No:-**

Public

Title:- POTENTIAL DISPOSAL OF CARLISLE CITY COUNCIL
LAND FOR AFFORDABLE HOUSING DEVELOPMENT

Report of:- DIRECTOR OF DEVELOPMENT SERVICES

Report reference:- DS.25/08

Report DS.120/07 (attached as *Appendix 1*) was taken to Executive on 17 December 2007, but referred back to Executive for further consideration at Council meeting held on 15 January 2008.

The Executive considered the referral back on 18 February 2008 and resolved that it:-

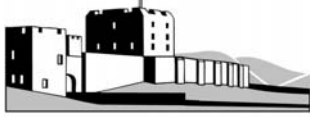
1. Accepts in principle that the sites at Low Meadow (2.1.1), Gelt Rise (2.1.6), and Rockcliffe (2.1.8) – references as per report DS.120/07 - have potential to deliver affordable homes for local people and agrees in principle to consider the disposal of these sites to an affordable housing provider, such as a Registered Social Landlord, at below market value.
2. Requests the Council to vary its policy on land disposals to delegate the power to the Executive to dispose of the 3 sites specified above at less than market value, to facilitate the provision of affordable housing if the Executive determine this to be necessary and appropriate.
3. Requests officers to continue to explore the potential of other sites and to bring these forward for consideration as appropriate.

Recommendation to the Council:-

That the Council vary its policy on land disposals to delegate the power to the Executive to dispose of the 3 sites specified above at less than market value, to facilitate the provision of affordable housing if the Executive determine this to be necessary and appropriate.

Contact Officer: Jeremy Hewitson **Ext:** 7443

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None



REPORT TO EXECUTIVE

PORTFOLIO AREA: HEALTH AND WELLBEING

Date of Meeting: 17 December 2007

Public: Yes*

Key Decision: Yes

Recorded in Forward Plan: No.

Inside Policy Framework Yes

Title: POTENTIAL DISPOSAL OF CARLISLE CITY COUNCIL LAND FOR
AFFORDABLE HOUSING DEVELOPMENT

Report of: DIRECTOR OF DEVELOPMENT SERVICES

Report reference: DS.120/07

Summary:

This report details a number of currently unused pieces of land in the ownership of Carlisle City Council, which could potentially be used for affordable housing development.

Recommendations:

It is recommended that the Executive:

- (i) accepts that these sites have potential to deliver affordable homes for local people, and approves Officers to investigate further;
- (ii) agrees to consider the disposal of these sites to an affordable housing provider, such as a Registered Social Landlord, at below market value;
- (iii) requests the Council to vary its policy on land disposals to delegate the power to the Executive to dispose of the sites specified in the report at less than market value to facilitate the provision of affordable housing if the Executive determine this to be necessary and appropriate.

Catherine Elliot

Director of Development Services

Contact Officer: Jeremy Hewitson

Ext: 7443

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None
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1.0 BACKGROUND/ HOUSING NEED

1.1 Housing Market Assessments (HMAs) were carried out across 20 identified housing markets in Cumbria as part of the 2006 district housing survey, administered by the Cumbria Housing Group.

In the Carlisle district, market assessments were carried out for Carlisle Urban, Rural Carlisle East (encompassing most of our rural areas), and Rural Carlisle West (Dalston and Burgh wards). The Assessments identified the need for an additional 221 new affordable units each year until 2011 (over and above those already in the planning system) across the Carlisle district.

Across Carlisle’s market areas it was clear that there was a shortage of affordable family housing, both to rent and for low cost home ownership.

1.2 The reason these new affordable homes is required as a priority is that the number of affordable housing units which can be delivered through the planning system via planning gain, combined with the number of new and prospective RSL schemes in the pipeline through the Housing Corporation route in Carlisle fall well short of the number of affordable units required. There is also concern that cuts in Housing Corporation grant rates (which are highest in the North West than anywhere else in the country) are having a negative impact on the number of RSL bids coming forward locally.

1.3 A very rough approximation of the shortfall (which is a best case scenario as the estimation on the units delivered through the planning system is probably optimistic) could be detailed as follows:

<u>Units deliverable through the planning system</u> (based on RSS figure of 450 (360 urban x 30% on sites over 10 = 100 at best), & (rural 90 units – percentages between 10 & 25% over 3 units depending on size of site – say average 20% = 18):	118
<u>Housing Corporation</u> – units secured through 2007 mini bids round and bids made for National Affordable Housing Programme 2008-11:	<u>24</u>
	142
<u>HMA housing need figures</u> - less additional affordable units required p.a.	<u>(221)</u>
<u>Annual Shortfall</u>	<u>79</u>

Even including an optimistic figure for the units deliverable through the planning system and assuming bids made under the latest Housing Corporation bidding round will be successful, this gives an annual shortfall of around 80 units, or 400 over the 5-year period of the Housing Market Assessments.

2.0 POTENTIAL DEVELOPMENT SITES

- 2.1 The following sites all appear to have considerable potential for affordable housing development (approximate numbers of units are included where possible but these are just provided as a general indication and could obviously vary depending on the type of units provided):
- 2.1.1 Raffles: section of land adjoining the Extra Care scheme site off Low Meadow - approx. 40 units.
 - 2.1.2 Raffles: Dalton Avenue, previously allocated for retail use in Raffles Vision, but the demand has not materialised – approx. 30-35 units .
 - 2.1.3 Morton Park: Wigton Road/ Ellesmere Way – approx. 15 units. This site was considered as part of the Local Plan Inquiry and will be considered as part of the Local Plan Inspector's Report.
 - 2.1.4 Scawfell Road/ Greta Avenue - the main constraints are that it is quite a narrow strip of land & Dow Beck runs down one side - but it is definitely worth further investigation - approx. no. of units – 19.
 - 2.1.5 Newtown Road (former bowling green) – approx. 10 units.
 - 2.1.6 Brampton: Gelt Rise - approx. 18 units.
 - 2.1.7 Brampton: Kingwater Close - possible exception site for affordable housing - large site, could possibly be developed in stages - may be better to develop Gelt Rise as first stage. This site is not within a Primary Residential Area and will need to go through the Local Development Framework process for allocation.
 - 2.1.8 Rockcliffe: Lonning Foot - small rural site – would only accommodate around 2 units.
 - 2.1.9 Scalegate Road/ Leabourne Road - only part of the site (which is currently an eyesore) in Council ownership – a local RSL is currently in negotiations with the owner of part of rest of site - has permission for 16 houses. Issues to resolve re load bearing capacity of site & contamination (from former builder's yard).

With the exception of 2.1.7 all of the above sites are within Primary Residential Areas where housing, subject to certain criteria is acceptable.

Site maps of all of the above are attached (numbered as per this report). We are currently awaiting valuations from Property Services on the above sites, and the Local Plans section will prepare planning appraisals on any sites where we don't currently have them.

- 2.2 There is also the possibility at investigating the potential of the following sites. We are currently awaiting further guidance from the Local Plans and Conservation Manager, which is expected shortly.
- 2.2.1 York Gardens, Upperby – the City Council owns some land adjoining County Council land - discussions have been held on what could be done with these adjacent sites.
- 2.2.2 Wigton Road area - Dowbeck Road (small site).
- 2.2.3 Dalston (very small rural site).

3.0 PROPOSED HOUSING PARTNER SELECTION PROCESS

- 3.1 Five of the above sites have the potential to be advertised in the national housing press in early 2008 should Council provide authority to proceed. In terms of capital funding the Housing Corporation bidding window opens again in October 2008. Prospective housing provider partners would be able to tender for one or more sites. These sites are:
 - 2.1.1 Low Meadow
 - 2.1.3 Wigton Road/ Ellesmere Way
 - 2.1.4 Scawfell Road/ Greta Avenue
 - 2.1.5 Newtown Road
 - 2.1.6 Gelt Rise

The other pieces of land would require further work (as detailed below):

- 2.1.2 Dalton Avenue - this is right in the middle of a future Lovell redevelopment as part of Raffles Vision and would require further negotiation with the developer
 - 2.1.7 Kingwater Close, Brampton - would need to go through Local Development Framework process
 - 2.1.8 Rockcliffe – could possibly be included but very small rural site – may be better to look at progressing outwith main tendering process
 - 2.1.9 Scalegate Road/ Leabourne Road – issues to be resolved over ownership of rest of site
- 3.2 The tendering process would be geared towards selecting a suitably capable and experienced housing partner (such as a Registered Social Landlord) to design and manage the scheme. Procurement Services would be involved at all stages to ensure an open and transparent tendering process meeting equal opportunities.
 - 3.3 Evaluation criteria at short listing and interview stages would be based on a scoring matrix taking into account quality of design, environmental and eco standards, value for money, as well as housing management and lettings policies and practice (to make sure properties were targeted at those in need of affordable housing).

- 3.4 The process summarised below complies with both European procurement legislation and the City Council's own Contract Procedure Rules (CPR)
- Sites advertised in the national and local housing press
 - PQQ (pre qualification questionnaire) issued to those organisations expressing an interest
 - Tender Issue - tender questionnaire issued
 - Tender Returned - Evaluation process to draw up a short list of potential partners
 - Short listing and Interview.
 - Recommendation of preferred partner.
- 3.5 The advertisement would set out the type of housing we required – the Housing Market Assessments identified a strong level of need for family housing – particularly rented accommodation.
- 3.6 The price at which the sites could be disposed of (at less than market value) would be agreed by Executive on an individual basis based on advice from Property Services, taking into account issues such as the location, condition and any local factors specific to the site.

4.0 CONSULTATION

- 4.1 Consultation to date has included discussions with: the Portfolio Holder, Property Services, Legal Services and Planning Services
- 4.2 Further consultation would need to be held with: Highways (County Council) – initial advice already provided on some of sites, Carlisle Renaissance, Housing Corporation, Ward Members, and Parish Councils (for rural schemes).

5.0 RECOMMENDATIONS

- 5.1 It is recommended that the Executive:
- (i) accepts that these sites have potential to deliver affordable homes for local people, and approves Officers to investigate further.
 - (ii) agrees to consider the disposal of these sites to an affordable housing provider, such as a Registered Social Landlord, at below market value;
 - (iii) requests the Council to vary its policy on land disposals to delegate the power to the Executive to dispose of the sites specified in the report at less than market value to facilitate the provision of affordable housing if the Executive determine this to be necessary and appropriate.

6.0 REASONS FOR RECOMMENDATIONS

- 6.1 To facilitate the development of affordable housing for local people to meet the need identified in the Housing Market Assessments for Carlisle's urban and rural districts. At present there is a clear shortfall between the level of housing need identified across the district and the amount of affordable housing that can be delivered through planning gain and Housing Corporation funded schemes.

7.0 IMPLICATIONS

- Financial – The land concerned does not generate revenue income. The disposal at less than market valuation will result in a loss to the Council. The loss on the disposal of each asset should disposal be approved and eventually take place, will require reflecting in the relevant years' accounts and Asset Register.
- Staffing/Resources – this project would incur a significant amount of work, but it is anticipated the project management could be covered within existing staffing resources.
- Legal –
 - (1) The Council has power under Section 123 of the Local Government Act 1972 to dispose of land in any manner it wishes, including sale of a freehold interest, granting a lease or assigning any unexpired term of a lease, and granting easements. The only constraint on this power is that the disposal must be for the best consideration reasonably obtainable (except in the case of the disposal of short tenancies), unless the Secretary of State consents to the disposal being made at less than best consideration.
 - (2) Consent from the Secretary of State can be given in one of two ways. It is automatically given if the disposal at less than best consideration falls within the terms of a general Consent given by the Secretary of State in 2003. An important caveat in this Consent, however, is that the under value for which the land is disposed of must not exceed two million pounds. If it is proposed to dispose of land at an under value exceeding two million pounds, then a specific consent must be obtained from the Secretary of State on a case by case basis.

- (3) It is therefore a matter for the Executive to consider whether they wish to recommend in each case that a particular piece of land be disposed of to a housing provider at less than best consideration, including at a nominal value if it is satisfied that circumstances justify this. Each disposal should be considered on its own merits to ascertain whether the Executive is satisfied that a disposal at less than best consideration is justifiable and what the undervalue should be in each case. This will be dependent, partly, on negotiations between the Council and the proposed purchaser following the Council going through the usual tendering process applicable to disposals, unless the Executive has determined in any particular case that a disposal should be exempt from this tendering process. Ultimately, each parcel of land will require to be valued to ascertain what the value of the land is and what any discount on the sale price might be. If in any case it were to amount to a disposal in excess of two million pounds less than the market value then the consent of the Secretary of State would be required. If the discount was less than this figure then the Council has power itself to approve of any discounted disposal.
- (4) The Council has supporting powers in Section 2 of the Local Government Act 2000 enabling it to do anything which it considers is likely to achieve the promotion or improvement of the economic, social or environmental wellbeing of its area. In deciding whether or not to proceed to dispose of any piece of land to a housing provider at an under value the Council should first consider carefully whether, as set out in the 2000 Act, such a disposal will promote the economic, social or environmental wellbeing of the area and should have regard to its own community strategy and the objectives set out therein when making this judgement. The Director of Development Services will therefore need to set out in each case the contribution which she believes the disposal would make to the Council's housing objectives and the wellbeing of the area and Members need to take into account all those factors when determining whether or not to proceed with any disposal at any under value which might be proposed.
- (5) The relevant Government Circular guidance on the matter (General Disposal Consent (England) 2003) sets out that it is Government policy that Local Authorities should dispose of surplus land wherever possible. Whilst it is expected that land should be sold for the best consideration reasonably obtainable in general circumstances, the Circular recognises that there may be circumstances where an authority considers it is appropriate to dispose of land at an under value. Hence, the Consent regime referred to above has been put in place. The Guidance makes the point that, when disposing of land at an under value, Authorities must be aware of the need to fulfil their fiduciary duty in a way which is accountable to local people and make sure that they obtain the view of a professionally qualified valuer as to the likely amount of any under value, so that they are fully informed of all the relevant circumstances, and the Head of Property Services therefore needs to advise on the market value of each parcel of land for Members to consider. It is a matter, therefore, for the Executive to consider how it wishes to proceed with any particular disposal in the light of the above circumstances.

- (6) The Council's current policy on disposals is that land should be sold at market value only. Any proposal to sell at less than this, therefore, would be a departure from current Council policy and would require the consent of the full Council that this policy be varied in the case of the parcels of land referred to in the report, so as to enable the Executive to proceed to dispose at less than market value.

- (7) Additionally, prior to deciding whether or not to dispose of any land which forms open space, the Council is required under Section 123 of the Local Government Act 1972 to advertise its proposals for disposal in the local press and consider any representations which might be received prior to deciding how to proceed. If any land referred to in the report does constitute open space, then the Executive will be required to advertise any proposed disposal and carefully consider any representations received prior to it deciding whether or not to proceed with a disposal.

Catherine Elliot
Director of Development Services

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Potential Development Sites



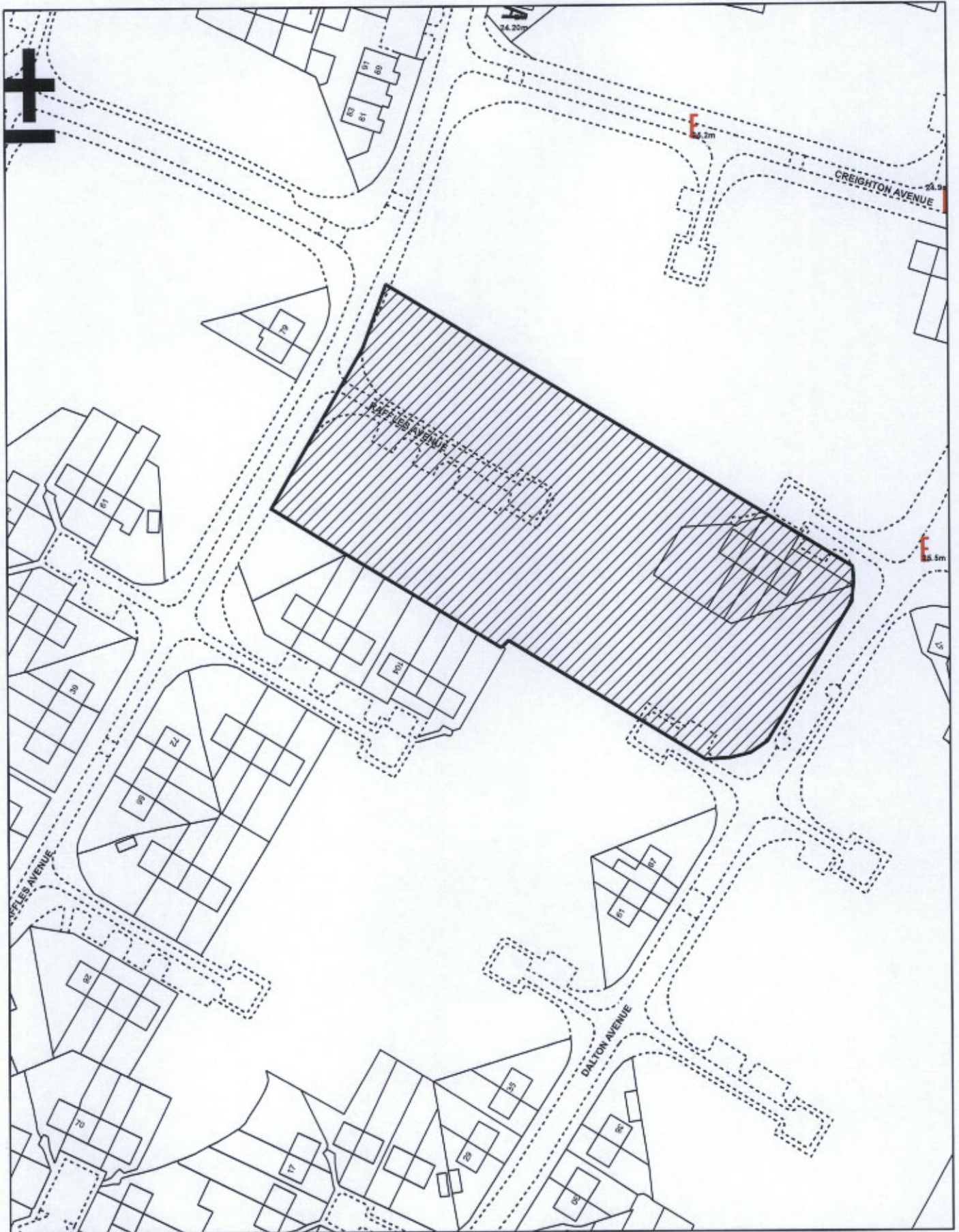
Site Plan - Ref 2.1.1 - Raffles, - Low Meadow

Site Area = 8778 sq m (0.878 Ha)

Scale: 1:1,250 Date: 27/07/2007

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Site Plan - Ref 2.1.2 - Raffles, Dalton Avenue

Site Area = 8500 sq m (0.850 Ha)

Scale: 1:1,250 Date: 27/07/2007

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Site Plan - Ref 2.1.3 - Morton Park - Wigton Road/Ellesmere Way

Site Area = 8010 sq m (0.801 Ha)

Scale: 1:1,250 Date: 27/07/2007

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Site Plan - Ref 2.1.4 - Scawfell Road/Greta Avenue

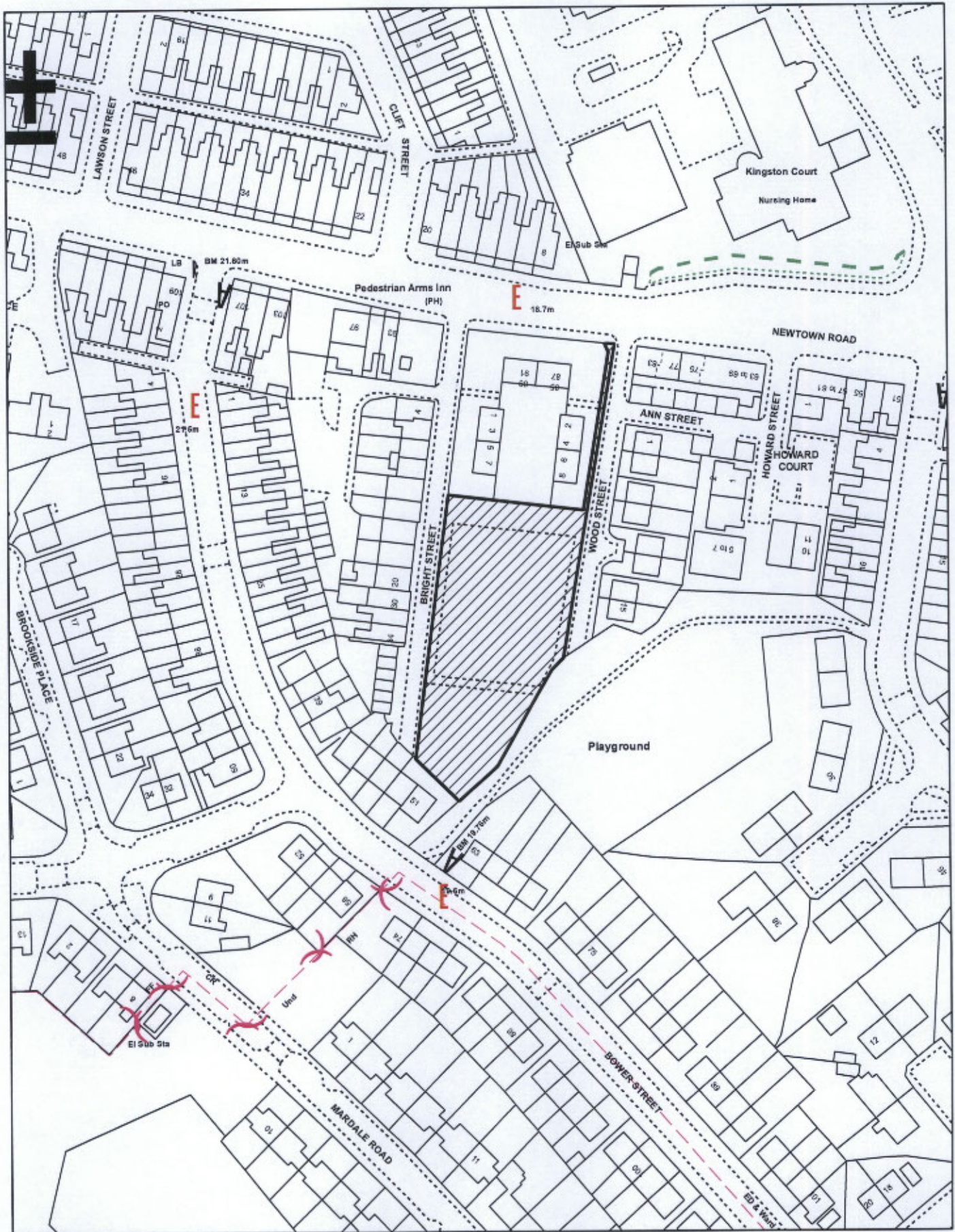
Site Area = 4066 sq m (0.407 Ha)

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Site Plan - Ref 2.1.5 Newtown Road (former bowling green)

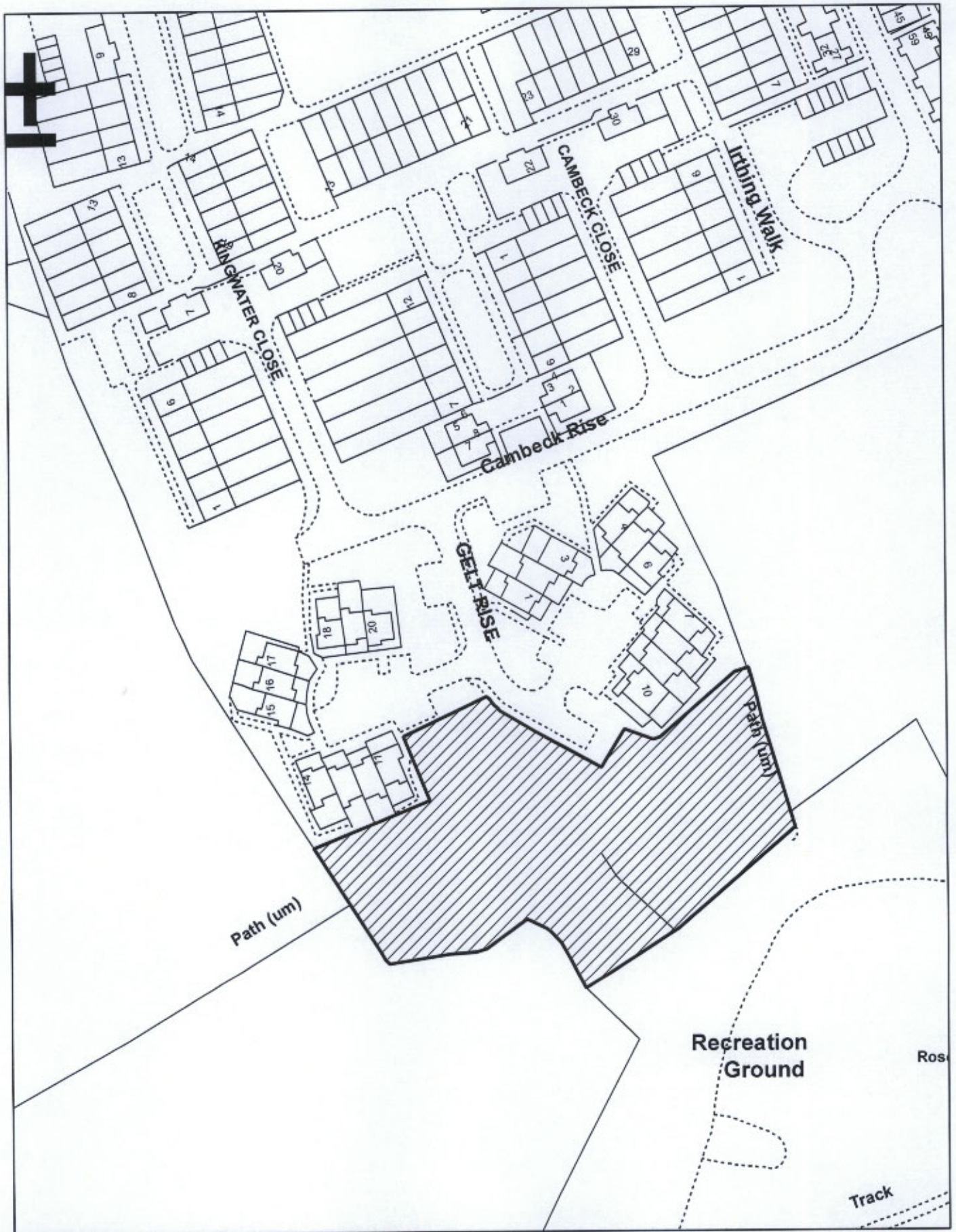
Site Area = 2,223 sq m (0.222 Ha)

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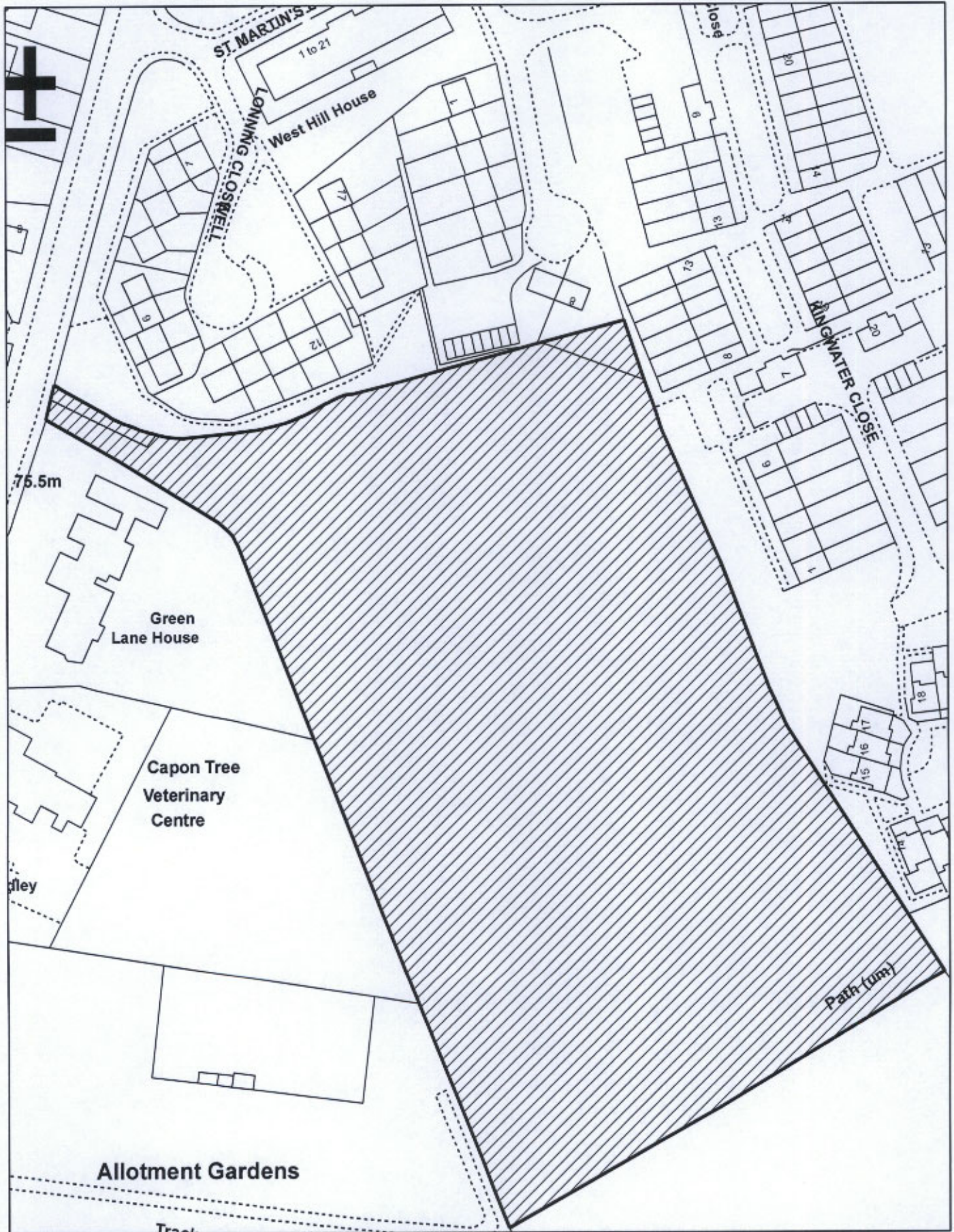
Site Plan - Ref 2.1,6 - Brampton, Gelt Rise

Site Area = 5509 sq m (0.551 Ha)

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Site Plan - Ref 2.17 Brampton, Kingwater Close

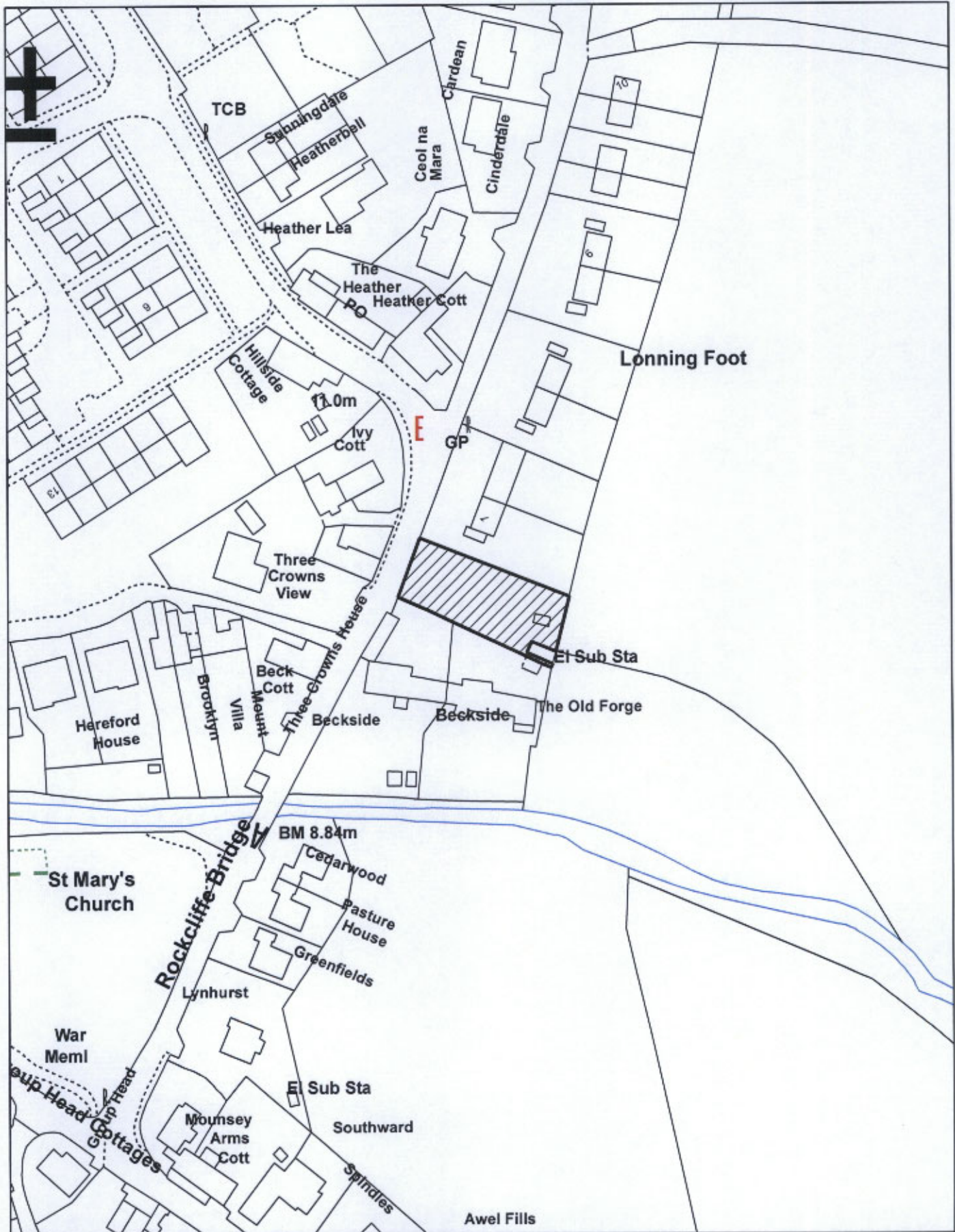
Site Area = 23,215 sq m (3.322 Ha)

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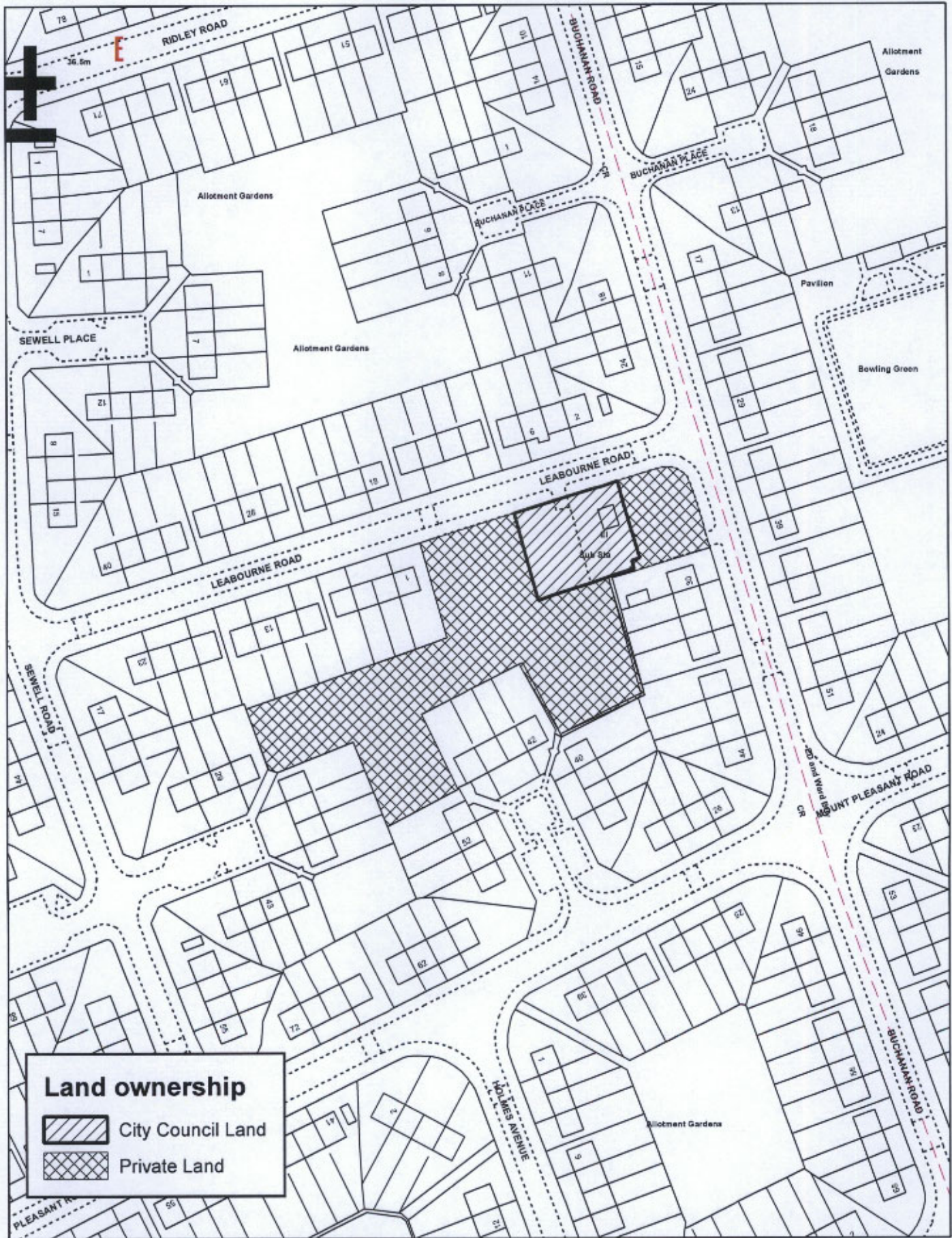
Site Plan - Ref 2.1. 8 Rockcliffe, Lonning Foot

Site Area = 677 sq m (0.067 Ha)

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Site Plan - Ref 2.1. 9 Scalegate Road/Leabourne Road

Site Area City Council Site = 602 sq m (0.060 Ha)
 Private Land Total Area = 3,339 sq m (0.334 Ha)

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EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 17 DECEMBER 2007

EX.354/07 POTENTIAL DISPOSAL OF CARLISLE CITY COUNCIL LAND FOR AFFORDABLE HOUSING DEVELOPMENT (Non Key Decision)

(With the consent of the Chairman and in accordance with Rule 15 of the Access to Information Procedure Rules, this item had been included on the Agenda as a key decision although not in the Forward Plan)

Portfolio – Health and Wellbeing

Subject Matter - The Director of Development Services tabled amended public Report DS.120/07 detailing a number of currently unused pieces of land in the ownership of Carlisle City Council which could potentially be used for affordable housing development. A further report on the matter would be considered in the private part of the meeting as it contained details of land valuations.

The Executive on 19 November 2007 (EX.284/07) had considered a motion from the Council on housing in Carlisle and had asked the Director of Development Services to report to the Executive on the potential to develop a number of sites which had been identified as potential for affordable housing. The Director provided details of the potential development sites and their potential for use for affordable housing development.

Summary of options rejected – None

DECISION

That the Executive:

1. Accepts in principle that the sites identified in Report DS.120/07 have potential to deliver affordable homes for local people and approves Officers investigating further;
2. Agrees in principle to consider the disposal of these sites to an affordable housing provider, such as a Registered Social Landlord, at below market value;
2. Requests the Council to vary its policy on land disposals to delegate the power to the Executive to dispose of the sites specified in Report DS.120/07 at less than market value to facilitate the provision of affordable housing if the Executive determine this to be necessary and appropriate.

Reasons for Decision - To facilitate the development of affordable housing for local people to meet the need identified in the housing market assessments for Carlisle's urban and rural districts. At present there was a clear shortfall between the level of

housing need identified across the district and the amount of affordable housing that could be delivered through planning gain and housing corporation funded scheme.