

# App 1 – previous report for information



**Executive Board**

**3 December 2008**

**JG/MH**

## Affordable housing opportunities

### Exempt Information

Para 3 Schedule 12A - Information relating to the financial and business affairs of any particular person (including the authority holding that information)

### Summary

This report seeks consent from the Executive Board to transfer East Devon District Council (EDDC) owned land and property to a number of preferred Registered Social Landlord partners (RSL) for the provision of affordable housing.

Three affordable housing opportunities are described in the report. They all need to be worked up to a point where our partners can secure planning permission and require valuations and more detailed work on financial viability. I am seeking the Executive Boards approval to proceed to work with chosen partners to provide affordable housing on the sites in the council's ownership.

### Recommendation

- (i) Approve the transfer of identified land and property at nil consideration, although each site will be subject to a detailed appraisal, to RSL partners so they may provide affordable housing, and
- (ii) To approve additional funding to commission EDDC land valuations by the District Valuer.

#### a) Reasons for Recommendation

To continue to try and meet the shortage of affordable housing.

#### b) Alternative Options

Not to provide much needed affordable accommodation.

#### c) Risk Considerations

Not achieving best value for our land and property interests by negotiating with preferred partners.

#### d) Policy and Budgetary Considerations

The proposals are consistent with our corporate priority of achieving thriving, balanced communities and providing more affordable housing.

**e) Date for Review of Decision**

February 2009.

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**1 Background Information**

- 1.1 In an effort to provide more affordable housing throughout East Devon, officers have identified a number of small scale development opportunities that, if the land and property be transferred at nil consideration to an RSL, would enable more affordable homes to be provided.
- 1.2 Set out below are three development propositions for the Executive Board to consider. All three schemes could collectively provide approximately 38 new affordable homes. One scheme would provide homes exclusively for people with an identifiable housing need within a rural community. The other two schemes would be available to a wider range of potential applicants currently on our Housing Register.
- 1.3 All three potential affordable housing schemes have been presented to, and supported by, the Asset Management Forum and Strategic Management Team.
- 1.4 Location plans are included for each site:
- Land off of Grove Road, Whimple - **annex 1**  
Land off of Rodney Close, Exmouth – **annex 2**  
Holmdale, Sidmouth – **annex 3**

**2.0 Executive Board Consideration**

- 2.1 The Executive Board are invited to consider whether it is deemed appropriate that we transfer the identified land and property to RSL partners for affordable housing provision in accordance with our corporate priority. In order to be viable it is anticipated that land will be transferred at nil value, although each site will be subject to a detailed valuation and financial appraisal.
- 2.2 Due to colleagues in the Property and Economic Development section being fully committed to other projects, we have to consider instructing the District Valuer (DV) to ascertain EDDC land values. We believe that this may cost in the region of £10,000. It is hoped that this amount would also be sufficient to cover the D.V.'s valuation fee for another affordable housing project at Stowford Rise, Sidmouth.
- 2.3 As previously indicated all three proposals will be subject to, site surveys, planning permission, legal investigations, viability assessments and the availability Housing Corporation grant. We believe that these three schemes have a realistic chance of satisfying the above conditions and delivering much needed affordable housing in the district.

**3. Scheme 1 - Land at Grove Road Whimple**

- 3.1 This first scheme proposal seeks approval to transfer a sufficient amount of East Devon District Council (EDDC) owned land to an RSL to build approximately 9 -11 affordable homes.
- 3.2 Upon receipt of an approved business case from Whimple Parish Council (WPC) it is proposed that the remaining land be transferred to WPC for allotment use.

**Location**

- 3.3 The attached plan (**annex 1**) highlights in red the approximate amount of land to be transferred to an RSL. This extends to approximately 100m x 32m subject to surveys. The remaining land (approximately 90/100m) would provide about 10/12 allotments.

**Development proposal**

- 3.4 The potential development site in EDDC ownership was recently identified as a possible rural exception site for affordable housing to meet local needs.
- 3.5 The ownership and suitability for the provision of affordable housing has been confirmed by our Legal and Member Services.
- 3.6 We have sought and gained support from Whimble Parish Council to progress with a development of affordable housing on this site for local people. In addition, support was given to work with our preferred RSL partner, Spectrum Housing Association.
- 3.7 We have also sought a planning opinion from Development Control colleagues, who have confirmed that the proposed development may be suitable as an exception site, subject to planning conditions. We are currently waiting clarification from Highways as to an acceptable access point for vehicles and pedestrians.
- 3.8 As part of the planning requirements for an exception site the community must have an identifiable need for affordable housing. As a consequence, a Housing Needs Survey has been undertaken. Results show that there is an immediate need for 11 homes, with a further 20 within 3 years.
- 3.9 The land is transferred, if deemed appropriate, by way of a leasehold agreement to the RSL at nil cost consideration.
- 3.10 Subject to survey, viability and planning results, it is proposed that between 9 and 11 affordable homes be provided for local people.
- 3.11 All nominations will be made by EDDC through our Choice Based Lettings Scheme.
- 3.12 All affordable housing will remain affordable in perpetuity for local people or those who meet the local connection criteria.
- 3.13 We intend to achieve at least code level 3 for sustainability on build and design.
- 3.14 We intend to provide a tenure mix of 70% / 30% split in favour of rented accommodation the remainder for shared ownership (subject to the prevailing market conditions). This is in line with the East Devon analysis of the Exeter and Torbay Housing Market Assessment 2007.
- 3.15 If the Executive Board is minded to support this proposal all costs incurred (except our valuation costs) will be covered by the RSL.

**4.0 Scheme 2 - Land at Rodney Close Exmouth**

- 4.1 This second site involves a proposed transfer of East Devon District Council (EDDC) land off West Down Lane / Rodney Close, Exmouth to a Registered Social Landlord (RSL) for the provision of affordable housing and potentially a new Village Hall and improved outside play area / equipment.

- 4.2 An initial assessment and sketch plans suggest that an RSL may be able to provide approximately 15 affordable homes on half of the site.
- 4.3 Subject to securing funding and planning permission we are hoping to deliver a two phase approach that would ultimately replace the Littleham village hall and upgrade/replace associated outside play equipment and open space.

#### **Location**

- 4.4 The attached plan (**annex 2**) outlines in red the proposed land to be transferred to an RSL.

#### **Development proposal**

- 4.5 A number of officers from mixed backgrounds that include Planning, Legal, Property and Housing have recently come together to form a Virtual Affordable Housing Team (VAHT).
- 4.6 This team pro-actively identifies sites with development potential that might ordinarily be contrary to planning constraints, and attempt to overcome policy, funding issues etc.
- 4.7 The team's efforts are directed at overcoming obstacles that would normally prohibit affordable housing provision.
- 4.8 The VAHT group has identified the above site that appears to be suitable for development.
- 4.9 Situated towards the outskirts of Littleham Village, the site is ideally located close to public transport, schools, employment and adjoins an existing EDDC sheltered housing scheme. We believe a housing development will enhance the area and promote a mixed and balanced community. It will also address one of the Council's corporate priorities and provide housing in Exmouth where our highest levels of housing need are experienced and few development opportunities arise.
- 4.10 If this proposal were supported, we would envisage a phased approach. Firstly building the affordable housing, secondly the refurbishment or replacement of the existing village hall and thirdly to provide improved young person's recreational facilities and open space.
- 4.11 The land in question is owned by EDDC, part of which is currently leased to the Trustees of Littleham Village Hall.
- 4.12 We are informed that this potential affordable housing development land is designated predominantly as a recreational area. We have also been informed that this designated open space, excluding the play area and village hall is seldom used.
- 4.13 Local Members and the Portfolio Holder for Communities have been briefed on the proposal and are supportive in principle.
- 4.14 If support is forthcoming from the Executive Board, we would encourage our preferred RSL partner, Devon & Cornwall Housing Association, to work up a detailed affordable housing scheme that maximises delivery and reflects local needs. If possible this will include the provision of a new village hall, open space and new recreational equipment. Due to potential funding issues the scheme may ultimately mean that only a proportion of the land be developed, namely the affordable housing element. The village hall may be phased in when funding is secured; we understand that a Lottery Bid is being considered.

#### **5.0 Scheme 3 - Holmdale, Sidmouth**

- 5.1 Finally this development opportunity is a proposal to transfer 16 – 20 Holmdale Sidmouth to Devon and Cornwall Housing Association (DCHA) so they may provide approximately 9 -12 affordable homes.

## Development proposal

- 5.2 This potential development site (**annex 3**) in EDDC ownership was identified and supported by the AMF on the 13<sup>th</sup> November 2006 as a possible location for affordable housing.
- 5.3 16 – 20 Holmdale is currently leased on a 12 month renewable lease as a gym. The building is considered to be in need of significant external works that includes replacement timberwork and repainting. The current lease expires on the 6<sup>th</sup> July 2009 with no notice required to terminate the lease. However should we require earlier possession we may have to give approximately 6 months notice.
- 5.4 DCHA have undertaken a feasibility study and instructed ARA Architects to produce design plans.
- 5.5 We established that the site has the potential for residential development through informal discussions with Planning Officers. The site has a number of constraints that need to be overcome to secure planning permission. The site may have had a previous use as a petrol station and therefore require some decontamination works. DCHA looked in detail at a nine unit scheme on the Holmdale site , demolishing the existing building and providing 2 no. two bedroom flats and 7 no. one bedroom flats. Subject to planning we are hopeful that the number of flats that could be provided may increase to 12.
- 5.6 Both the 9 unit, and potential 12 unit schemes would require that the adjoining existing car parking be used to secure enough land to deliver these proposals. There could be the loss of up to 8 car parking spaces.
- 5.7 Due to the relatively high estimated build costs £1,802 per m2 (Est Figures 2006) and demolition costs that would be incurred by DCHA, the land value has been assumed at nil cost to DCHA.
- 5.8 Since early 2007 there has unfortunately been a number unsuccessful design proposals submitted for pre-application discussions. However, we are hopeful that Planning Officers will be discussing with the Architect a revised and more acceptable plan.
- 5.9 If support is forthcoming from the Executive Board, we would encourage our preferred RSL partner, Devon & Cornwall Housing Association to work up a scheme that could start on site in late summer 2009.
- 5.10 All nominations will be made by EDDC through our Choice Based Lettings Scheme.
- 5.11 All homes will achieve code level 3 for sustainability or higher on build and design.
- 5.12 We intend to provide a tenure mix of 70% / 30% split in favour of rented accommodation the remainder shared ownership (subject to market conditions).

## 6.0 Conclusions

- 6.1 I am requesting that the Executive Board supports these proposals to transfer the identified land and property to our preferred RSL partners so they may be developed to provide affordable housing.
- 6.2 In order to facilitate these proposals within the next few months we may have to conditionally exchange contracts, subject to relevant clauses being in place, such as planning permission, funding, surveys etc.

### **Legal Implications**

There are no legal implications requiring comment at this stage but there will be issues of valuation and title if the matter proceeds.

### **Financial Implications**

The financial implications are indicated in the report. In respect of the Sidmouth Scheme, there will be a loss of income from the car park.

### **Consultation on Reports to the Executive**

The schemes described in this report have been presented to the Asset Management Forum and Strategic Management Team.

### **Background Papers**

- Site plans
- AMF (27th October 2008) & SMT (11th November 2008) reports on file.

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3 December 2008  
Executive Board