

Agenda Item – Part B

Executive Board

15 July 2009

09/9013



Exempt Information

Para 3 Schedule 12A information relating to the finance or business affairs of any particular person

Transfer of approx 0.290 Ha (0.75 acres) of housing land at Grove Road, Whimple to Spectrum Housing Group Ltd and approx 0.337 Ha (0.81 acre) of allotment land to Whimple Parish Council, both at less than Best Value

Summary

East Devon District Council has entered into negotiation with 'Spectrum Housing Group' (a registered social landlord) for the transfer of residential development land at Grove Road, Whimple for the development of 11 residential units. This is to be a mixture of 6 two bedroom houses; 3 three bedroom houses, and 2 one bedroom flats. All units are to be rented accommodation.

It is proposed that the site be transferred by way of a 125 year ground lease, at a nominal ground rent, which will be a disposal at less than 'Best Value' than may otherwise be achievable if the site were sold on the open market without restrictions.

It is proposed that the surplus land be transferred to Whimple Parish Council at nil consideration for use as allotments.

Recommendation

1. That the transfer of 0.290 Ha of housing land at Grove Road, Whimple to 'Spectrum Housing Group Ltd' by way of a 125 year ground lease, at less than 'Best Value', be approved
2. That the transfer of 0.337 Ha of allotment land at Grove Road, Whimple to 'Whimple Parish Council', at less than 'Best Value', be approved

a) Reasons for Recommendation

To enable the provision of fourteen rented residential units at Grove Road, Whimple by a registered social housing landlord, and for Whimple Parish Council to create allotment plots on the surplus land

b) Alternative Options

Not to agree to these transfers at less than best value

c) Risk Considerations

There are no known risks to this proposal

d) Policy and Budgetary Considerations

The Council's Corporate Strategy sites the provision of Affordable Housing as one its seven priorities

e) Date for Review of Decision

N/A

1 Main Body of the Report

- 1.1 The Housing Enabling Officer has opened negotiations with the preferred registered social housing provider Spectrum Housing Group Ltd. The architects acting for Spectrum have produced plans for the construction of 11 residential units offering a variety of accommodation at the Council's land at Grove Road, Whimple.
- 1.2 It is proposed that Spectrum will be granted a 125 year ground lease of an approx 0.290 Ha (0.75 acre) site to enable the development to be undertaken on this land. It is proposed that the lease be at a nominal ground rent of £1,100 per annum, without a premium, with the Council enjoying 100% nomination rights in respect of all first time lettings and 75% of all subsequent lettings. If the current economic position allows, it is anticipated that 2 two bedroom houses and 1 three bedroom houses may be offered for sale by way of equity share ownership.
- 1.3 This transaction will be at less than 'Best Value' which may otherwise be achievable if the land was to be sold on the open market with planning permission for a total of 11 residential units without restrictions on occupancy.
- 1.4 A valuation of the site has been undertaken to establish the 'Under Value'. The unrestricted open market value of the site (assuming it to have the benefit of planning permission for a development of 11 residential units of mixed type) has been assessed to be of the order of £300,000, having taken account of development costs.
- 1.5 The whole 0.627 Ha (1.54 acre) site was purchased by the former St Thomas Rural District Council in 1953 for Council housing purposes, but has never been developed, and the land has continued to be used for agricultural purposes and generates no financial return to the Council. The 'Existing Use Value' is therefore considered to be of the order of £12,500 (assuming it used for agricultural purposes only and ignoring any 'hope value')
- 1.6 Under the proposed transfer terms, the Council is to receive an annual ground rent of £1,100, which invested at a rate of return of 6%, gives a capital value of £18,000.
- 1.7 The 'Under Value' arising from this transaction is therefore considered to be £300,000 less the capitalised ground rent of £18,000 = **£282,000**.
- 1.8 The remaining 0.337 Ha (0.81 acre) of surplus land is to be transferred to Whimple Parish Council for use as allotment plots (subject to the grant of planning permission for a change of use) at nil consideration. The value of the land, in its existing use, is considered to be of the order of £6,500
- 1.9 The transfer of the surplus land to Whimple Parish Council is therefore considered to be at an 'Under Value' of **£6,500**

Legal Implications

The details of the two transactions will need to be finalised in due course. The proposed Transfer to the Housing Association will be by Lease, and the transfer to the Parish Council will normally be freehold. Both transactions will require Planning Permission and the land for allotments will also require the Parish Council to supply the usual details under our Policy for transferring land to Parish Councils. The transfer of the allotment will be dependent on the Housing transaction proceeding as the only mode of access, according to current draft plans will be through the new estate road.

Financial Implications

The financial implications are included in the report.

Background Papers

- Copy of plan showing the proposed residential development edged red and allotment land edged green

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