

# Agenda Item

**Executive Board**

**14 July 2010**

**10/1011**



**Transfer of approx 0.290 Ha (0.75 acre) of housing development land at Grove Road, Whimble to Spectrum Housing Group Ltd at less than 'Best Value'**

## **Exempt Information**

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

## **Summary**

To agree to the variation of terms for the grant of a 125 year ground lease to Spectrum Housing Group Ltd of land at Grove Road, Whimble

## **Recommendation**

That the proposed 125 year ground lease of land at Grove Road, Whimble, to the Spectrum Housing Group Ltd, be at a ground rent of £1 per annum , and at a nominal premium of £10, together with the granting of an 18 month 'Option Agreement', be agreed.

### **a) Reasons for Recommendation**

To secure the development of 11 mixed tenure social housing units at Whimble

### **b) Alternative Options**

Not to agree the terms proposed puts at risk the development of this land

### **c) Risk Considerations**

Not to agree to the granting of a 125 year ground lease at a notional ground rent of £1 per annum, and to a consideration of £10, would put at risk the development of this land for mixed tenure social housing purposes.

### **d) Policy and Budgetary Considerations**

#### **Positive Impact Overall**

Affordable Homes.

Thriving Economy.

Green Environment.

Inspirational Council.

Meeting our Diversity and Equality duties.

### **e) Date for Review of Decision**

N/A

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## **1 Main Body of the Report**

- 1.1 The Council's Executive Board, at its meeting of 15<sup>th</sup> July 2009, agreed to the transfer of the Grove Road land at less than 'Best Value', to the Spectrum Housing Group Ltd for the erection of 11 mixed tenure social housing units.
- 1.2 The report to the Executive Board stated that the site was valued at £300,000 as an 'open market' assessment of value for unrestricted housing development, but that the 'Under Value' if the land is to be developed for rented social housing would be £282,000 assuming there to be an annual ground rent of £1,100 payable throughout the 125 year ground lease.
- 1.3 Spectrum Housing Group Ltd has advised that, due to abnormal development costs for this site and in order for the scheme to be financially viable, a ground lease would have to be limited to a nominal £1 per annum.
- 1.4 The abnormal costs include the construction of an on site, pumped drainage scheme estimated at £20 – 25,000 and cost of relocating slowworms from the site estimated at £5,000.
- 1.4 The Executive Board's decision of 15<sup>th</sup> July 2009 to transfer the land at less than 'Best Value' is still relevant, however, it should be noted that the degree of the under value will be greater than that stated in the report of 15<sup>th</sup> July 2009 at £300,000.
- 1.5 It is proposed that the Council enters into an 'Option Agreement' with Spectrum Housing Group Ltd for a term of 18 months to allow time for the preparation and processing of a planning application for the proposed development.
- 1.6 The Portfolio Holder Communities was consulted and is supportive of the granting of an 'Option Agreement' and Lease at a nominal rent and premium if the Spectrum Housing Group Ltd can substantiate their financial assessment for the development.

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### **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 potential loss of a capital receipt in excess of £300,000 needs to be offset against the benefits of the advancement of a scheme to provide Affordable rural housing.

Another option is to use the potential £300,000 to fund housing options elsewhere within the District.

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

#### **Background Papers**

- Executive Board Report 15 July 2009

- Site plan

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Rob Speers  
Senior Estates Surveyor

Executive Board  
14 July 2010