
REPORT TO:	Cabinet Member (Housing)
DATE:	15 December 2009
DEPARTMENT:	Department of Community Services
REPORTING OFFICER:	Principal Development Officer (<i>Jenny Wood</i>)
SUBJECT:	DISPOSAL OF COUNCIL-OWNED LAND ADJACENT TO 13 ST ANDREWS GROVE AND 14 ST ANDREWS ROAD, HARROGATE AND TO THE REAR OF 30 FAIRFAX AVENUE, HARROGATE
WARDS AFFECTED:	Granby
FORWARD PLAN REF:	N/A

1.0 PURPOSE OF REPORT

- 1.1 To seek in principle approval for the transfer of Housing-owned land adjacent to 13 St Andrews Grove and 14 St. Andrews Road, Harrogate and to the rear of 30 Fairfax Avenue, Harrogate to Accent, one of the Council's Registered Social Landlord (RSL) partners, for the development of affordable housing.
- 1.2 The Directors of Resources and Development have been consulted in the preparation of this report. The Ward Member has also been consulted.

2.0 RECOMMENDATIONS

- 2.1 That Cabinet Member Housing declares Housing-owned land adjacent to 13 St Andrews Grove and 14 St Andrews Road, Harrogate and to the rear of 30 Fairfax Avenue, Harrogate as identified at Appendix 1, surplus in principle and that a further report be submitted to Cabinet Member Housing seeking declaration of the land as surplus and to Cabinet Member Finance and Resources seeking approval of disposal terms, if and when planning permission is granted.
- 2.2 That Cabinet Member Housing notes the terms of disposal of the Housing-owned land adjacent to 13 St Andrews Grove and 14 St. Andrews Road, Harrogate and the revised terms of disposal of the Housing-owned land adjacent and to the rear of 30 Fairfax Avenue, Harrogate as proposed in paragraph 9.3 of this report.

2.3 That the Director of Community Services, in liaison with the Director of Development Services, be authorised to conclude negotiations on the transfer price of the Housing-owned land, subject to approval by Cabinet Member Finance and Resources.

3.0 RECOMMENDED REASON FOR DECISIONS

3.1 That the transfer of the Housing-owned land will deliver two affordable homes to which the Council will have nomination rights.

3.2 That Cabinet Member Housing views are sought at this stage so that neither the Council nor Accent waste time and costs in pursuing the proposal.

4.0 ALTERNATIVE OPTION CONSIDERED/ RECOMMENDED FOR REJECTION

4.1 To retain the Housing-owned land. This would be a missed opportunity to deliver two affordable homes.

5.0 LEGAL, FINANCIAL AND HR IMPLICATIONS TO THE COUNCIL

5.1 Legal and financial implications are considered at Sections 8 and 9 below. There are no HR implications to the Council.

6.0 RISKS TO THE COUNCIL IN PROCEEDING/NOT PROCEEDING

6.1 There are no risks to the Council in proceeding or not. If planning permission is granted, the Council will secure nomination rights to two new affordable homes. If not, the Council will retain the Housing-owned land.

7.0 BACKGROUND

Land adjacent to 30 Fairfax Avenue, Harrogate

7.1 30 Fairfax Avenue is an end terrace property in Council ownership. There is a large garden, part of which has previously been identified as a potential building plot and let on licence to the current tenant. It does not form part of the tenancy and was declared surplus by Cabinet Member Housing on 25 February 2009. This land is outlined in green on the plan at Appendix 1.

7.2 On 17 March 2009, Cabinet Member Finance and Resources approved its disposal to Harrogate Families Housing Association (HFHA) at a consideration of £5,000, in return for nomination rights to the affordable home to be built on the site.

7.3 HFHA has since withdrawn due to concerns over scheme viability. Accent (another RSL) has been working with Officers and the Homes and Communities Agency (HCA), the body that funds affordable housing provision, to come up with a cost effective development solution. The site is narrow, awkward to access and can only accommodate one 2-bed dwelling, attached to 30 Fairfax Avenue. This means the relocation of windows from the side elevation of the council property, the re-siting and renewal of the central heating boiler and remedial works totalling almost £18,000.

- 7.4 The total scheme cost is £140,000. This exceeds the open market value of a two-bed house in this location. £80,000 Social Housing Grant (SHG) is required by the RSL, but not supported by the HCA at this level. In short, the scheme is not economically viable and will not proceed on the basis of approved disposal terms.

Land adjacent to 13 St Andrews Grove and 14 St. Andrews Road Harrogate

- 7.5 In October 2009, the tenancy at 13 St Andrews Grove became vacant. This property also benefits from a large garden, backing onto 30 Fairfax Avenue. By using part of this garden, part of the garden of 14 St Andrews Road, the area of land already declared surplus at 30 Fairfax Avenue and a small additional area of garden at 30 Fairfax Avenue, it is possible to form a site for a pair of semi-detached houses, accessed from Fairfax Avenue. The location plan at Appendix 1 identifies the land to be declared surplus and that already declared surplus adjacent to 30 Fairfax Avenue.
- 7.6 Access and siting of the proposed dwellings mirror a development of four affordable homes completed on Fairfax Avenue in the early nineties. Sketch plans (attached at Appendix 2) have been produced by the Council's Executive Officer (Property Services) and forwarded to Accent. Accent will cost the development and seek Board approval for submission of a planning application and a bid to the HCA for grant. To do this Accent must confirm that, in principle, the land is available for development.
- 7.7 Accent is currently on site with another development in Harrogate. If planning permission is granted for the subject site, Accent will be able to vary their contract to include the two proposed dwellings. The RSL is already in receipt of £52,000 SHG, which was allocated for development at Byland Place, Harrogate. This scheme failed as the property owner refused to sell in a falling market. The HCA has confirmed that the grant can be transferred to a similar scheme, provided a start on site is made in 2009/10.

8.0 LEGAL POSITION

- 8.1 Section 32 Housing Act 1985 states that land held for Part II housing purposes shall not be disposed of without Secretary of State consent. General Consents were issued in 2005 by the Office of the Deputy Prime Minister.
- 8.2 The relevant consent for these transactions is the General Consent for the disposal of Part II Land 2005. Consent E 3.1 allows a local authority to dispose of land for the best consideration that can reasonably be obtained. Such consideration does not have to be monetary. In the case of the subject site, the Council is securing nomination rights to two new affordable homes.
- 8.3 In addition, under the provisions of General Consent A under section 25 of the Local Government Act 1988, the Council is allowed to dispose of land to RSLs for the purposes of letting housing on periodic tenancies. The proposed transactions will result in a RSL building two social rented homes.

- 8.4 Both 14 St. Andrews Road and 30 Fairfax Avenue are currently tenanted. Disposal of land which is part of a secure tenancy requires the consent of the tenant and compensation is payable for the loss of the land. Should the land be declared surplus in principle, Officers will enter into negotiations with the tenants of the two properties to agree terms.

9.0 PROPOSED TRANSFER TERMS

- 9.1 The value limit on council-owned land to be used for affordable housing development is £5,000 per plot. There are two plots at the subject site. Under Capital Finance Regulations, receipts not exceeding £10,000 are not treated as capital receipts, are not subject to pooling with the Government and are 100% usable in the Housing Investment Programme.
- 9.2 It is hoped that development of the combined areas of land to create two dwellings will prove cost effective. There will be no remedial works to the existing dwelling and some economies of scale may be possible. The provision of the access road will be an added cost. There will also be the cost of remedial works to the gardens of the affected dwellings. The site is still awkward to develop and concerns remain that it may not be viable.
- 9.3 Compensation may be required for the tenants of the two tenanted properties for reducing the extent of the garden within their tenancy. This and the costs of relocating fencing, plants etc. should be factored into the development costs and deducted from the proceeds of the land transfer.
- 9.4 It is therefore proposed that the combined site be transferred to Accent (or another partner RSL as approved by the Director of Community Services) at the maximum value imposed by the HCA of £5,000 per plot, less the costs associated with reducing the garden area of the tenancies. If total development costs prove prohibitive however, it is further proposed that the Principal Development Officer, in conjunction with the Acting Valuation Surveyor, be authorised to negotiate the purchase price down to nil financial consideration, if this proves necessary to make the scheme viable.

10.0 CONCLUSION

- 10.1 The Council owns Housing land adjacent to 30 Fairfax Avenue, 13 St Andrews Grove and 14 St Andrews Road, Harrogate. Combined, these sites are capable of development for a pair of semis in an area of high housing need. Accent, the developing RSL, requires in principle agreement on transfer terms, prior to bidding to the HCA for SHG and making a planning application. Whilst transfer of the sites could potentially yield a receipt of £10,000 for the Council, compensation is payable to the tenants of the two tenanted properties and site constraints are such that this transfer price may render development of the site non viable. If so, the price will be reduced to a level at which development is viable, potentially to nil financial consideration and reported to Cabinet Members Housing and Finance and Resources.
- 10.2 The proposal is in accordance with the relevant General Consents.

Background Papers – None

OFFICER CONTACT: Please contact Jenny Wood, Principal Development Officer if you require further information on the content of this report. The officer can be contacted by telephone (01423 556891) or by e-mail (jenny.wood@harrogate.gov.uk)

SUSTAINABILITY ASSESSMENT/CRIME AND DISORDER

		Implications are		
		Positive	Neutral	Negative
A	Economy	✓		
B	Environment	✓		
C	Social Equity			
i)	General	✓		
ii)	Customer Care/People with Disabilities	✓		
iii)	Health Implications	✓		
D	Crime and Disorder	✓		

If all comments lie within the shaded areas, the proposal is sustainable