

11. SALE OF LAND AT BLACKWELL FARM ROAD FOR AFFORDABLE HOUSING

REPORT OF: Lynne Standing, Head of Housing, Environmental Health and Building Control
Email: Lynne.Standing@midsussex.gov.uk; telephone 01444 477411

Wards Affected: East Grinstead - Ashplats

Key Decision: Yes

Report to: Cabinet
14 March 2016

Purpose of Report

1. To seek Cabinet's approval to the sale of land at Blackwell Farm Road for the provision of affordable housing.

Recommendation

2. **Cabinet is recommended to delegate to the Solicitor to the Council to enter into a contract with Bidder B for the sale of the Council's land at Blackwell Farm Road for the provision of affordable housing substantially on the terms outlined in the exempt appendix.**

Background

3. On 18 June 2015 Planning Committee A granted, subject to the completion of a section 106 agreement, outline planning permission for a ten unit 100% affordable housing scheme at Blackwell Farm Road to establish the principle of housing on this site. The Council agreed to sell the site to a Registered Provider to deliver the homes. The Registered Provider cannot rely on the Council's planning permission and would have to submit their own application.
4. Officers invited offers for the land to ensure that we are achieving best value, at the same time as achieving a good quality scheme. Consequently those Registered Providers who are active in the District in developing affordable housing were invited to submit their offers and proposals. Three chose to do so.
5. There is a significant need for affordable rented housing in East Grinstead, with 365 households on the housing register giving East Grinstead as their first choice of area. Of these 175 require one-bedroom accommodation, 152 require two-bedroom accommodation, 27 require three-bedroom accommodation and four require four-bedroom accommodation.
6. Owing to the low turnover in two-bedroom accommodation there is a particular need for this size of affordable rented housing. The brief therefore required Providers to quote for a scheme that provided 75% rented to 25% shared ownership homes in accordance with the Council's policy requirement, with at least 50% of the homes having two bedrooms. In practice comparing the offers was made more complex by the different assumptions that each Provider made about grant, and about Section 106 and SANG and SAMP contributions, so that it is only now that we have broadly comparable offers to consider. Providers have quoted a without grant offer, and an offer that assumes they will be able to use some of their Recycled Capital Fund Grant, which is considered a reasonable assumption.

7. The indicative offers and the types of homes proposed are set out in the attached exempt appendix. All three Providers believe they can achieve at least twelve homes on the site, but Bidders A and C have based their offers on a scheme of ten units, whilst Bidder B has based their offer on a scheme of 12 units.
8. Bidder B's offer, irrespective of the housing mix delivered, and considered with or without an RCGF/DP grant, represents the best financially viable option for the Council and allows the Council to realise Best Value from the sale of the site. It is suggested that the successful bidder be encouraged to maximise the number of affordable homes on the site, subject to planning considerations.
9. The final sum received will depend not only on planning permission but on whether they obtain permission to use Recycled Capital Fund Grant or any other grant.
10. The Council will enter into a legally binding contract for an Option Agreement to sell the land to the Registered Provider. The terms of the contract will reflect these variables and any other such conditions to be agreed by the Head of Housing, Environmental Health and Building Control, the Solicitor to the Council and the Assistant Chief Executive to protect the Council's interests.

Policy Context

11. A good affordable housing scheme on this site would contribute to the Council's aim to achieve opportunities and quality of life for all.

Other Options Considered

12. We could have asked Providers to submit offers based on identical schemes, but wanted to give them some flexibility to make the best use of the site. We could also have used the land for a mixed scheme including both private and affordable housing, but Members were keen to use this opportunity to use its own assets to help meet the need for affordable rented housing.

Financial Implications

13. Any capital receipt received would be placed in the Council's reserves.
14. The purchaser will meet the Council's Surveyor's fees, Legal fees and costs and any stamp duty land tax or other costs arising from the transaction.

Risk Management Implications

15. There is a risk that the proposed scheme does not get planning permission, and that both the housing mix and the financial offer is less advantageous. The contract will be framed to account for such variances and to ensure the Council gets good value and a good scheme.

Equality and Customer Service Implications

16. Developing an affordable housing scheme on this site would help meet local housing needs at a time when affordable rented housing is increasingly difficult to deliver.

Other Material Implications

17. None

Background Papers

None.