

<b>Key Decision Required:</b>	<b>Yes</b>	<b>In the Forward Plan:</b>	<b>Yes</b>
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**CABINET**

**1 AUGUST 2014**

**REPORT OF THE LEADER OF THE COUNCIL AND REGENERATION, INWARD INVESTMENT AND ASSET MANAGEMENT PORTFOLIO HOLDER**

**A.3 SALE OF A SECTION OF LAND AT GROVE AVENUE ESTATE, WALTON-ON-THE-NAZE**

(Report prepared by Paul Price)

**PART 1 – KEY INFORMATION**

**PURPOSE OF THE REPORT**

To consider whether to dispose of a section of land, managed within the Housing Revenue Account portfolio, in accordance with the Council's Property Dealing Procedure. The disposal will facilitate the development of 13 properties on the former allotment site, Butchers Lane, Walton-on-the-Naze.

**EXECUTIVE SUMMARY**

The Council has been approached by a developer who wishes to develop the former Butchers Lane allotment site which adjoins the Council's Grove Avenue estate. The proposed development consists of 13 properties, 2 x 2 bedroomed houses, 2 x 3 bedroomed bungalows, 7 x 2 bedroomed bungalows and 2 x 1 bedroomed bungalows.

The developer is in the process of obtaining planning permission to develop the former allotment site and has approached the Council as to whether it would be willing to sell a section of land to facilitate development of the site as other access arrangements would necessitate the demolition of an existing bungalow and the creating of a convoluted access roadway. The developer has an agreement in principle with a Registered Provider to develop the site for 100% affordable housing units. Under that agreement the Council would have nomination rights.

In order to cost effectively develop the site the developer needs to acquire land which is held within the Housing Revenue Account portfolio to gain access.

It is considered that this land is surplus to requirements and could be sold so as to generate a capital receipt for further Council house building.

The land subject to the disposal request is indicated in yellow on the attached plan.

The proposed terms for the transaction will be considered in a report in Part B of this agenda.

**RECOMMENDATION(S)**

**That Cabinet approves in principle the disposal of the section of land at Grove Avenue to facilitate development of Affordable Housing or subject to an uplifted price if the development site is not sold to a Registered Housing provider. All subject to Cabinet's further decision on terms in Part B of this agenda.**

## PART 2 – IMPLICATIONS OF THE DECISION

### DELIVERING PRIORITIES

The proposed development is in line with corporate priorities to:

- Ensure all our residents live in high quality housing which meets local needs;
- Regenerate the District and improve deprived areas;
- Any capital receipt will be reinvested in the provision of new Council homes to provide local homes for local people.

### FINANCE, OTHER RESOURCES AND RISK

#### Finance and other resources

The disposal of access land would not only provide a capital sum to the Housing Revenue Account but would, subject to the development obtaining planning permission and being built, generate New Homes Bonus and Council Tax revenue.

The Registered Provider which is looking to acquire and develop the site has confirmed that that if it can develop the site the Council would receive 100% nomination rights on first let and 75% thereafter.

If the land is ultimately not sold to a Registered provider an uplift on the agreed valuation will be required as set out in part B.

#### Risk

The access land is insignificant in terms of the Housing Revenue Account site and is unlikely to restrict any future use or development potential for the site. Resident consultation has been undertaken in respect of the proposed disposal. Only one response was received which was in respect of safety concerns if there was vehicle access to the site. This issue will need to be considered in relation to the planning application.

### LEGAL

Section 32 of the Housing Act 1985 together with the General Housing Consent 2013 gives the Council discretionary power to dispose of land held under Part II of the Housing Act 1985 that has not been developed.

Section 123(1) Local Government Act 1972 indicates that, a local authority may dispose of land held by it in any way it wishes so long as (section 123 (2)) the land is disposed for a consideration not less than the best that can reasonably be obtained.

The General Disposal Consent Order (England) 2003 gives consent for disposal at below best consideration reasonably obtainable provided that the undervalue is less than £2m and the proposal enhances the environmental economic and social wellbeing of the area. Section 123(2A) Local Government Act 1972 indicates that, a local authority may not dispose of land held by it without advertising its intention to do so in the local press.

In coming to decisions in relation to management of assets, the Council must act in accordance with its statutory duties and responsibilities. Under case law following Section 120 of Local Government Act 1972, the Council is obliged to ensure that the management of its assets are for the benefit of the district.

In this case the land is held under Pt II of the Housing Act 1985 and not as Public Open Space. It includes no dwellings. Accordingly neither Secretary of State consent nor public

advertisement is necessary. If the land is to be transferred to the Registered Provider for the development of Social Housing the Council has discretionary power to dispose of it at an agreed price. If the land is not sold in this way then the Council should seek the Best Consideration Reasonably Obtainable in line with the valuations obtained.

#### **OTHER IMPLICATIONS**

**Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.**

**Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.**

#### **Area or Ward Affected**

Walton

### **PART 3 – SUPPORTING INFORMATION**

#### **BACKGROUND**

The Council has been in discussions for some time with a developer who wishes to develop the former Butchers Lane allotment site which adjoins the Council's Grove Avenue estate. The developer has been working with the Council's Planning officers to ensure that the development is sustainable and in keeping with surrounding developments but has not at this stage received planning consent permission or secured appropriate access to the site. The proposed development consists of 13 properties, 2 x 2 bedroomed houses, 2 x 3 bedroomed bungalows, 7 x 2 bedroomed bungalows and 2 x 1 bedroomed bungalows.

The developer approached the Council as to whether it was interested in purchasing the development site, with planning permission, as he recognised that the Council is committed to developing Council housing. The developer was also aware that development of the site would be very difficult without adequate access, which could only be obtained by purchasing either a small strip of land from the Council or by purchasing a property at the end of Chamberlain avenue and demolishing/rebuilding that property. In the latter case there may well be a need for additional land either from the Council or another neighbour.

The developer provided an initial value which he expected to obtain per plot for the site. The Council's valuers were asked to provide an initial indication to enable officers and the developer to conclude whether there was any scope for commencement of realistic negotiations as part of Officer's initial Assessment of the potential transaction prior to the Council's property dealing procedure to be formally started.

The initial assessment highlighted a significant difference between the developer's expectations and the price that the valuers consider would facilitate a viable social housing development. As such is it not considered viable for the Council to consider developing this site itself.

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However, a Registered Provider is interested in developing the site using an Affordable Rent model and has also made an application to the Homes and Communities Agency for grant to make the site viable.

In order to develop the site the developer needs to acquire land which is held within the Housing Revenue Account portfolio and it is considered that this land could be sold so as to generate capital for further Council house building.

The developer has advised the Council that if the Registered provider is unable to progress the development, although it is understood that a value for the site has been agreed, he is willing to pay the uplifted value and will look to develop the site himself or sell the site with planning consent to an alternative development.

### **CURRENT POSITION**

It is understood from the Registered Provider that they are awaiting the outcome of their grant application to the Homes and Communities agency but irrespective of the outcome of the application they are looking to acquire the site for development.

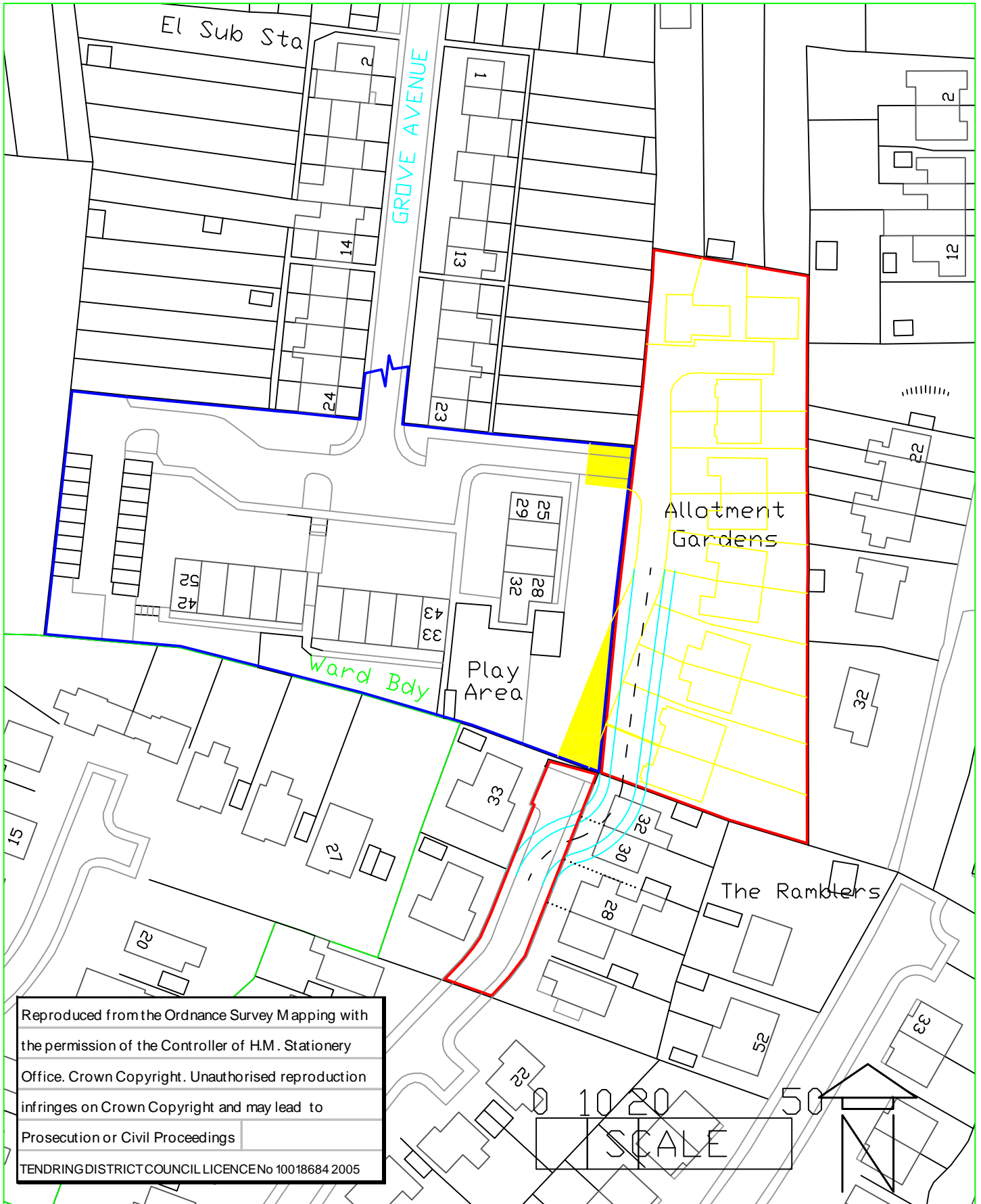
The Council has discretionary power to dispose of the access land. It may do so at an agreed price to the Registered Provider, or to the developer on legal terms ensuring the further transfer of the land and redundant allotment site to the Registered provider is carried out. Alternatively the Council has discretionary power to sell the land to the developer without restriction at the best consideration reasonably obtainable, in line with the valuations obtained.

### **BACKGROUND PAPERS FOR THE DECISION**

None.

### **APPENDICES**

Appendix A – Location Plan



**TENDRING DISTRICT COUNCIL**

M. KNAPPETT  
 BA(hons). DMS. MCIH.  
 CORPORATE DIRECTOR: CORPORATE SERVICES

title: POTENTIAL DEVELOPMENT NEAR GROVE AVENUE

drawing: ALTERNATIVE ACCESS

scale: 1:1000

drawn by: AR WHITE

date: 04 Mar 14

drwg.No. revision

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