

Key Decision Required:	No	In the Forward Plan:	No
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CABINET

19 FEBRUARY 2021

JOINT REPORT OF THE PORTFOLIO HOLDER FOR CORPORATE FINANCE & GOVERNANCE AND THE PORTFOLIO HOLDER FOR HOUSING

A.7 MOTION BY COUNCILLOR PLACEY – PROPOSED DEVELOPMENT OF SURPLUS SITES FOR HOUSING OR DISPOSAL

(Report prepared by Andy White)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To consider additional information prepared in relation to the motion put forward by Councillor Placey to Council on 24 November 2020 and to make a recommendation to the Council meeting on 16 March 2021.

EXECUTIVE SUMMARY

The Council's newly adopted Housing Strategy has highlighted need for additional Council housing and forms part of the Policy Framework.

The Council has a difficult financial outlook and need to invest in priorities and services.

The Council's Corporate Plan includes building and managing our own homes in addition to using assets to support priorities.

The existing Property Strategy identifies the need to identify sites within both the general fund and HRA for housing but also to dispose of underperforming sites in order to facilitate investment in others.

Officer teams continue to progress work begun in response to the Property Strategy aimed at identifying sites that are underperforming and could be used for housing or disposed of to support finances and priorities. The task is significant and ongoing.

Councillor Placey has put forward a motion that the Council should consider three specific sites previously identified for disposal and reviews whether these are suitable for housing development.

The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 determine that that property decisions are executive functions exercisable by Cabinet. Some of those decisions have been delegated to the relevant Portfolio Holders in accordance with the Property Dealing Procedures contained within Part 5 of the Constitution...

Whilst the spirit of Councillor Placey's motion is welcomed as supporting the delivery of the adopted Housing Strategy, Cabinet cannot support the motion in its original format, because it is important that sites selected for development, disposal or other action are based on identified needs and objective criteria. It is unlikely that a general assumption for one objective or another will be appropriate.

It is proposed that officers should continue analysing sites and bring forward potential sites for decision by the Cabinet in a timely manner as the analysis is complete and resources are available to deal with resulting actions.

It is recommended that the Cabinet suggests to full Council that an amended motion be proposed, as contained within this report or through further debate. Councillor Placey's motion should be welcomed, acknowledging Cabinet's commitment to delivering the Housing Strategy. Prior to making property decisions, full consideration should be given in each case to the use of land to increase the housing stock. Additionally that the criteria set out in the report are considered in each case to give effect to the balancing of needs and priorities.

RECOMMENDATION(S)

That Cabinet:

- 1. Thanks Councillor Placey again for her motion and whilst welcoming its spirit proposes an amended motion to better achieve the desired outcomes.**
- 2. Notes and supports the ongoing work by officers in relation to identifying potential sites for development or disposal, identifying potential purchases of dwellings on the market and establishing processes and resources for the construction of new Council Housing.**
- 3. Instructs officers to continue to investigate potential sites and acquisitions, wherever they may be located within the district, reporting to the Cabinet and Portfolio Holders in the exercise of executive functions and Scheme of Delegation.**
- 4. Determines that each report and decision should have regard to the adopted Housing Strategy and:**
 - a. Addressing housing need in the district and area concerned**
 - b. Potential receipts to fund housing construction, acquisition or other Council priorities**
 - c. The specific characteristics of the site and area under consideration including (but not limited to) the current use and contribution to Council Priorities, costs of operation, the proximity of other services and uses economic viability of development, whether transfer to another organisation in current form would better promote the Council's priorities.**
- 5. RECOMMENDS TO COUNCIL an amended motion in accordance with Council Procedure Rule 12.5: That the Council:**
 - i) Notes and supports the ongoing work by officers in relation to identification of potential sites for development or disposal, identifying potential purchases of dwellings on the market and establishing processes and resources for the construction of new Council Housing; and**
 - ii) Notes the instruction from Cabinet to officers to continue to investigate all potential sites and acquisitions, wherever they may be located within the district, reporting to the Cabinet and Portfolio Holders in accordance with the Executive functions and Scheme of Delegation including the various criteria outlined in the Cabinet decision on 19 February 2021 including reference to housing, financial and other priorities and the specific characteristics of the sites and area under consideration and the identified needs of those areas.**

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Potential disposals and developments are pertinent to the following Council priorities:

• Public spaces to be proud of in urban and rural areas	• Net zero carbon by 2030
• Jaywick sands- More and better housing	• Building and managing our own homes
• Use Assets to support our priorities	• Maximise our coastal and seafront opportunities
• 10 Year financial plan	• Balanced annual budget

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The HRA budget for 2021/22 includes an on-going £281k contribution to the HRA capital programme. This budget can be used to directly meet the cost of building / acquiring new homes or could be used to support the cost of financing borrowing costs to deliver the target number of properties. This budget provides a platform to identify further opportunities to increase funding to the Council's house building commitment in future years as part of the HRA 30 year business plan.

The proposed delivery of homes is broadly divided into two halves:

100 to be delivered in Jaywick Sands which is subject to consideration and delivery methods within the context of wider regeneration in that area.

100 to be delivered by other means in the district as a whole.

ONS figures suggest that the average house price in Tendring in 2020 was £228,997. It is likely that acquisition of housing for Council purposes will fall within second quartile of the value range.

The cost of house construction varies widely based on the site conditions, size, design and a range of factors. A useful range for initial consideration would be £100,000 to £200,000 representing a good quality flat at one end of the spectrum and a family house at the other. An average in the order of £150,000 might be an appropriate starting point.

The cost accordingly to construct 100 homes would be around £15m and to acquire them would be in the order of £20m.

It should be noted that building one off individual homes on a single plot by dingle plot basis is likely to be higher because of the fees, site costs and overheads.

Construction of homes has quite a long lead in time compared with the acquisition of existing stock and early progress is likely to hinge around acquisition with construction following.

As highlighted above, the 2021/22 HRA budget includes funding to continue to deliver against the Council's housebuilding commitment, although additional funding will need to be identified in future years to meet the ambitious scale set out. Some risks are set out below. It is proposed to bring forward a separate report looking at risks and options for financing housing acquisition and construction.

More widely the Council faces a tight economic outlook as a whole. Disposal of sites represents an opportunity to fund investment in housing and in other priorities.

If Members wish to use general fund property for housing purposes it must be formally appropriated for housing purposes using the discretionary power outlined in the legal section.

Such an appropriation must also be offset with a balancing transfer of funds within the Council's accounts.

Risk

Risk	Control/Mitigation
Acquiring housing with concealed defects	Inspection by in house team prior to purchase.
Increasing house prices	Avoid driving up price expectation by careful negotiation.
Increasing construction costs	Monitor and evaluate design and specification choices. Maximise spread of potential procurement.
Loss of acquired or constructed housing through right to buy	Control not possible.

LEGAL

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.

Section 120(1) of Local Government Act 1972 provides for the Council to acquire land either within or outside the District for any purpose within that or any other Act or for the benefit, improvement or development of the area.

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 open space land held by it without advertising its intention to do so in the local press. Any objections received must be taken into account within the decision making on the future of the land.

Section 17 of the Housing Act 1985 provides the Council with the discretionary power to acquire land (including buildings) for housing purposes.

Section 19 of the Housing Act 1985 provides the Council with the discretionary power to appropriate land held by it for housing purposes or to appropriate land held for housing, provided that the consent of the Secretary of State is given.

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.

The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 determine that that property decisions are executive functions exercisable by Cabinet. Some of those decisions have been delegated to the relevant Portfolio Holders in accordance with the Property Dealing Procedures contained within Part 5 of the Constitution.

The Housing Strategy was adopted by full Council in September 2020 and forms part of the Council's Policy Framework, consequently, Cabinet, Portfolio Holders and Officers must have regard to the Housing Strategy, where it is relevant to the decision being taken and reference should be made to it within the accompanying report.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of:

Equality and Diversity:

Provision of good quality housing can be seen as a progressive step to addressing equality issues with poor or inadequate housing conditions affecting some minority groups.

The Council's activities in general are intended to be delivered in ways that promote equality and diversity.

Health Inequalities and Crime and Disorder: Provision of good quality social housing is a key contribution to addressing health and other inequalities and potentially a significant tool in addressing complex social needs that can lead to crime and disorder.

Poor or remote public assets can become foci for antisocial behaviour and investment in good quality accessible public assets can have a suppressing and diversionary effect on anti social behaviours.

Consultation and Public Engagement:

The development of any site will be subject to planning permission which includes statutory and neighbour consultation. Proposed disposal of public open space has to be advertised in line with the statutory requirement and responses received considered by Cabinet in each case.

Net Zero Carbon:

Where Council sites are sold for development the standards of energy efficiency are determined by national standards that are intended to establish a direction of travel to carbon neutrality of new housing including being zero carbon ready by 2025. Where housing is developed by the Council the Council can set additional performance standards. The energy performance of new Council building is identified as a target in the Climate Change Action Plan.

Wards:

Potentially all

PART 3 – SUPPORTING INFORMATION

BACKGROUND

On 15 September 2020 the Council approved a Housing Strategy. The strategy outlined the ongoing need for social housing. In 2020 1,958 households were listed on the Council's housing register compared with a total Council controlled housing stock of 3,111.

The Housing Strategy and Corporate Plan Priorities both identify proposals to deliver 200 new Council controlled homes within the timescale of the strategy: 2020 to 2025.

The Property Strategy identifies the needs to identify sites for housing development and to rationalise poor quality assets and to invest in others.

The Property Team has been working on an initial list of potential surplus sites as resources permit following the principle established in the Property strategy to dispose of underperforming sites and invest in others. The team has followed the identification of sites with progress towards

disposal including gaining planning permission for sites in Crome Road Clacton and Dover Road Brightlingsea.

The property, housing and surveying teams have been working together on identification of potential development sites held within the Housing Revenue Account.

In October 2020 Cabinet approved a Housing Acquisition and Development Strategy that sets out the framework for the assessment and acquisition of housing and sites for development. The document also explains where in the district the additional homes are to be provided, based on demands on the Housing Register.

The Housing Team has been working on acquisition of housing stock, completing some purchases on the market and working towards acquiring some newly built housing and the reacquisition of stock formerly sold under right to buy legislation.

On 24 November 2020 Councillor Placey moved a motion to the Council that three sites from the initial list, including those at Crome Road, Dover Road and a further site at Hilton Close Manningtree should be considered suitable for Council housing development in line with the Housing Strategy. The motion was referred to Cabinet.

On 18 December 2020 Cabinet resolved to thank Councillor Placey, noted a number of factors around disposals of pieces of land and requested a further report from officers to the Cabinet meeting scheduled for February 2021 with a view to presenting the outcome of Cabinet's review to Full Council in March 2021.

CURRENT POSITION

The Housing Acquisition and Development Strategy identifies housing need by location as:

Clacton-on-Sea:	940 households	48% of the total
Harwich/Dovercourt:	293 households	15% of the total
Rural Villages:	274 households	14% of the total
Frinton/Walton/Kirby's:	235 households	12% of the total
Manningtree/Mistley/Lawford:	137 households	7% of the total
Brightlingsea:	79 households	4% of the total

Within that need by type as:

Bedrooms	need
1 bedroom	957
2 bedroom	526
3 bedroom	326
4 bedroom	117
5 bedroom	32

The Housing team is progressing with the negotiation and acquisition of properties from developers and on the market. Proposed acquisition of two properties is subject to approval elsewhere on this agenda. Further market acquisitions are being investigated and discussions with a small number of developers is ongoing.

The Council has been selected to participate in a pilot scheme designed to encourage small and medium sized building firms, with land available, to get back building. This scheme has launched and already has interest from local building firms. Firms are invited to submit proposals which if accepted by the Council will be funded by the Council through prudential borrowing.

Property Team has invited (at the time of writing) bids from interested parties in relation to the council's site at Weeley which includes the alternative to accept houses instead of money.

Surveying team has gained consents for the conversion of the old cash office in Dovercourt to a dwelling and of Spendells House in Walton to accommodate urgent housing need. Demolition at Honeycroft is under way, presenting opportunity for development or use.

Property, housing and surveying teams have identified some key sites for progression of feasibility works.

Property and Housing teams are working together to assess both GF and HRA sites for potential additional housing or growth. This work has begun and has ruled out some previously considered sites and added more to the list. The Council owns over 700 general fund properties and a large number of housing sites where further potential may be investigated. The assessment alone is a significant task.

It is important to recognise that these potential sites are subject to ongoing consideration and investigation and that it would not be useful for the Council to debate a list of sites until it is completed. The Council's procedures include specific delegations and authorisations to make property decisions. It is proposed to follow these processes on a site by site basis as the officers complete work on them.

It is proposed that the teams continue with the assessment of General Fund and Housing Revenue Account properties reporting to the portfolio holders and to Cabinet as necessary and that each report and decision should have regard to:

- a. Addressing housing need in the district and area concerned;
- b. Potential receipts to fund housing construction, acquisition or other Council priorities;
- c. The specific characteristics of the site and area under consideration including (but not limited to) the current use and contribution to Council Priorities, costs of operation, the proximity of other services and uses economic viability of development, whether transfer to another organisation in current form would better promote the Council's priorities.

It is likely that some very broad categories of property will emerge:

- Sites where existing provision and ownership is important to Council priorities.
- Sites where direct development of housing to meet need is appropriate.
- Sites where there is development potential that could be best met by others, potentially including self-building, but receipts can support housing or other priorities.
- Sites where contribution to priorities is minimal but there is no development potential and disposal could cut costs and contribute to financing priorities.
- Sites that contribute to priorities but could do so better under control of another party.

It is likely that the use of the Council's resources would be best used by the identification and progression of sites on a pipeline basis with executive decisions made on a site by site basis having regard to the criteria set out in this report.

APPENDICES

None