

CABINET (HOUSING) COMMITTEE

29 JUNE 2016

DISPOSAL OF LAND AT COLES MEDE, OTTERBOURNE

REPORT OF THE HEAD OF NEW HOMES DELIVERY

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RECENT REFERENCES:

None

EXECUTIVE SUMMARY:

This report recommends the disposal of five Council-owned garages and a proportion of open space land (approximately 600 square metres) at Coles Mede, Otterbourne to Footstep Living Limited for the development of seven low cost home ownership houses.

RECOMMENDATIONS:

- 1 That the disposal of the land at Coles Mede, Otterbourne, as shown outlined in the plan attached as Appendix 1 to the Report, to Footstep Living be approved, subject to:
 - (i) Terms and conditions to be agreed by the Assistant Director (Estates and Regeneration), having regard to the proposed Heads of Terms set out in paragraph 3 of the report;
 - (ii) The obtaining of any necessary special consent from the Secretary of State under S25 of the Local Government Act 1988, S32 of the Housing Act 1985 and S123 of the Local Government Act 1972.
- 2 That the Assistant Director (Chief Housing Officer) be authorised to take the appropriate action to terminate any tenancies of garages affected by the scheme.

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DETAIL:

1 Introduction

- 1.1 In May 2014 the Council was approached by Footstep Living Limited, a local company established to provide affordable home ownership. In summary their model involves building low cost homes for first time buyers and restricting the future value of these homes via a covenant restricting their future sale price to 65% of the open market value. The costs of these homes are kept lower than average by using very efficient design principles, including building smaller properties thereby reducing construction costs.
- 1.2 As part of the Council's New Build programme, a significant number of small sites have been identified, not all of which are practical for the Council to develop. Using this information, Footstep were able to identify a site that had potential for their product and which had significant local demand. The preferred site identified is at Coles Mede, Otterbourne, and consists of a small garage block and a proportion of a larger open green space (see plan attached as Appendix 1 to this report). A garage usage survey has been conducted that shows that 2 of the 5 garages are being used to keep cars in.

2 Detail

- 2.1 Footstep's proposal is that the land at Coles Mede required for the development is sold to them at market value. An initial valuation by Footstep's indicated that the value of the land would be in the region of £180,000 - £200,000, it should be noted that this figure has not been agreed by Valuers and is subject to reviewing any abnormal construction costs. They will construct 7 low cost homes, which will then be prioritised for sale to first time buyers in Otterbourne, followed by those resident in the Ward of Badger Farm and Olivers Battery. The typical cost of a 2 bed Footstep home will be in the region of £170,000, which represents a discount of approximately 35% compared to an open market dwelling. The on-going affordability of the home will be controlled via a covenant that requires the owner to sell the property at 65% of its open market value. This is the significant difference in the Footstep model as opposed to traditional low cost housing such as shared ownership where owners buy shares and sell their homes at full market value, which can quickly become unaffordable for future purchasers.

- 2.2 Footstep have presented their proposals to Otterbourne Parish Council and received general support. Local District Councillors have also been consulted. A public consultation event was carried out where concerns were raised about the design and the potential lost of open space. These concerns were addressed by Footstep Living by reducing overall number of homes, amending the design to reflect a more traditional style and minimising the loss of open space by pulling the development back from the main area of open space.
- 2.3 Pre-application planning advice has been sought throughout the design process and the Head of Development Management is generally content with the scheme. However, an application has yet to be submitted. The land is currently within the policy boundary for Otterbourne and the open space is not protected by existing policies, although there are proposals within Local Plan Part 2 that areas of open space such as this may be protected. If this were to be the case, the development may have to considered under the Council's exception policy.
- 2.4 Following the public consultation event in June 2015, an application to register the land as a Town or Village Green under Section 15 of the Commons Act 2006 (more commonly known as a Village Green Application) was made by a local resident, supported by statements from other claimants. Despite the fact that only a very small proportion of the green is affected by the proposed development, the administrative body (Hampshire County Council) will be required to determine the application. A Village Green Application (VGA) does not prevent a planning application being made (or determined), but a scheme is unlikely to commence until the outcome of the application is known.
- 2.5 Footstep Living have been involved in negotiations with the VGA group and have minimised the amount of green required for the development, although there is no mechanism to withdraw a VGA once submitted without agreement from all claimants (which has not been received). The risk of a successful VGA is in this instance considered quite low as the land affected was originally acquired for housing development and laid out and provided for public use as open space. Its use is therefore "by right" not "as of right", and recent case law (Barkas –v- North Yorkshire County Council, 2014) has confirmed that in such cases, a VGA should not succeed.
- 2.6 If Members agree the disposal of the land to Footstep Living Limited, they will submit a planning application which will trigger the (swifter) determination of the VGA. The cost of the planning submission will be met by Footstep whether the VGA is successful or not.
- 2.7 A public notice advertising the potential disposal of the open space and inviting comment has been published, the results of which will be verbally reported at the Cabinet (Housing) meeting.

3 Principal Heads of Terms

- 3.1 The development (subject to planning) will consist of one x 3 bed house, two x 2 bed houses and four x 1 bed flats. The development costs and viability information have been made available by Footstep Living which will inform the appropriate land value.
- 3.2 It is proposed that:
- a) The units will be sold on a freehold basis or 999 year leases, with covenants to maintain the 35% discount to open market value in perpetuity.
 - b) Payment to the Council for the land will be made no later than 3 months after practical completion of the first unit.
 - c) Purchasers will qualify on the basis of a maximum household income in accordance with the eligibility criteria for Help to Buy South.
 - d) For the initial sale the units will be available on a cascade basis with first preference being given to households with a connection to Otterbourne, then to households in the wider Ward area of Olivers Battery and Badger Farm and finally the whole Winchester District. Resales will follow the same principle as set out above.
 - e) When an owner wants to sell, Footstep Living Limited will provide the purchaser with the open market value to which the scheme discount is to be applied.

4 TACT comment

- 4.1 TACT have been consulted and will provide their comments at the meeting.

OTHER CONSIDERATIONS:

5 COMMUNITY STRATEGY AND PORTFOLIO PLANS (RELEVANCE TO):

- 5.1 Developing new homes is a key priority for the Council as it seeks to promote active communities: 'to support local people in accessing high quality and affordable housing which meet their needs'. It also facilitates the District's economic prosperity.

6 RESOURCE IMPLICATIONS:

- 6.1 The Housing Revenue Account will benefit financially from the sale of the land, but all other costs associated with the development such as consultant fees, site investigations, planning application etc will be met by Footstep Living Limited.

7 RISK MANAGEMENT ISSUES

- 7.1 The Council wants to develop and deliver an ambitious programme for the building of new council houses and enabling other providers to deliver affordable housing. Building homes involves significant risks and in this model the majority of the risk is transferred to Footstep Living. The principle reputational risk for the Council is that after the initial sale the value of the homes increase significantly making them unaffordable. With this scheme every effort has been taken to ensure that the mechanism restricting future values is robust, which has included Footstep Living seeking Counsel's opinion on the matter.

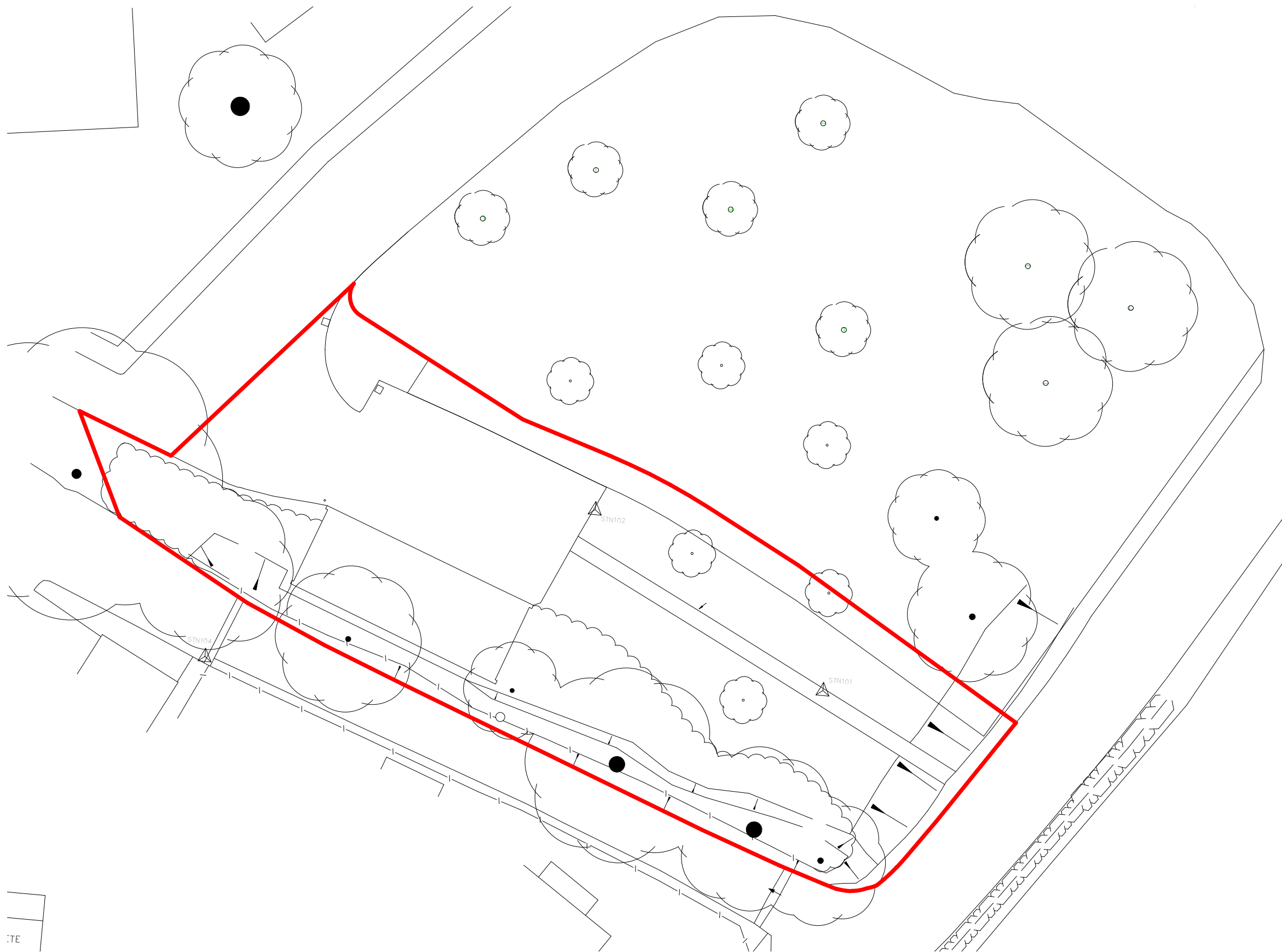
APPENDICES:

Appendix 1 – Site Map



Notes

Report any discrepancies to the author.
Do not scale from this drawing.
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Rev	Description	By	Check	Date
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Client

Footstep Living

Project

Coles Mead Otterbourne

Drawing

Proposed Development Site

Scale	Date	Author	Checked
1 : 250	May 2016	SG	TL

Project No Drawing No. / Rev

4615

M912P1

Proposed Development Site

1 : 250

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