

REPORT TITLE: DISPOSAL OF LAND AT MOUNTBATTEN PLACE, KINGS WORTHY

21 NOVEMBER 2018

REPORT OF PORTFOLIO HOLDER: LEADER WITH PORTFOLIO FOR HOUSING

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WARD(S): KINGS WORTHY

PURPOSE

This report recommends the disposal of an area of Council owned land at Mountbatten Place, Kings Worthy to Footstep Living Limited for the development of 8 low cost market sale properties.

RECOMMENDATIONS:

1. That the disposal of the land at Mountbatten Place, Kings Worthy, as shown outlined in the plan attached as Appendix 1 to the report, to Footsteps Living Limited be approved in principle subject to the by the Corporate Head of Asset Management negotiating terms and conditions with a further report to approve.
2. Subject to final approval, that the Corporate Head of Housing be authorised to take the appropriate action to terminate any tenancies of garages affected by the scheme;
3. That the Corporate Head of Asset Management be authorised to negotiate and agree terms for easements, wayleaves and related agreements with utility providers, Highway Authority and neighbours in order to facilitate the development.

IMPLICATIONS:

1 COUNCIL STRATEGY OUTCOME

- 1.1 Delivering quality housing options - The 'Footsteps' scheme will provide low cost market sale properties for the District's residents

2 FINANCIAL IMPLICATIONS

- 2.1 The disposal of the land (including garages) will generate a small capital receipt for the Housing Revenue Account, the amount being determined after consideration of a detailed financial appraisal and negotiation conducted by the Corporate Head of Asset Management. There will be a corresponding loss of garage rental income for the Housing Revenue Account, approximately £10k per annum. The outcome of negotiations may result in the land being sold to Footsteps Living Limited at less than best consideration.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The disposal of the land will require a special consent of the Secretary of State as Footstep Living Limited are not a registered provider. The land can be transferred (with Secretary of State approval) as it is supporting the Council's housing function.

4 WORKFORCE IMPLICATIONS

- 4.1 none

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 As detailed in 2.1 above

6 CONSULTATION AND COMMUNICATION

- 6.1 'Footsteps' have conducted local consultation exercise with local Ward and Parish Members and the community

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 The scheme will be built to the Sustainable Homes standard which aims to minimise the need for heating and water usage

8 EQUALITY IMPACT ASSESSEMENT

- 8.1 none

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None required

10 RISK MANAGEMENT

- 10.1 The Council wants to develop and deliver an ambitious programme for the building of new affordable houses across a spectrum of tenures and enable 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 Limited. The principal reputational risk for the Council is that after the initial sale the value of the homes increases significantly making them unaffordable. With this scheme every effort has been taken to ensure that the mechanism restricting future increases in value is robust, which has included Footstep Living Limited seeking Counsel's opinion on the matter.

Risk	Mitigation	Opportunities
<i>Property Affordability</i>	To be controlled by S106 agreement	Council could develop site for another type of affordable housing
<i>Community Support</i>	Appropriate consultation exercise has taken place	Further consultation will take place during planning application process
<i>Timescales Properties not built</i>	Performance obligations will be included in land transfer	Council could develop site
<i>Project capacity</i>		
<i>Financial / VfM</i>		
<i>Legal – Secretary of State's approval to disposal of HRA and open space land not forthcoming</i>	Submit early application for approval	Council could retain land and develop site for affordable housing
<i>Innovation</i>		
<i>Reputation</i>		
<i>Other</i>		

11 SUPPORTING INFORMATION:

- 11.1 In May 2014 the Council was approached by Footstep Living Limited, a Winchester based company established to provide affordable home ownership. The Company's approach involves using local architects to design attractive well managed communities around an area of shared open space which encourages resident interaction. The Footsteps affordable housing financial 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 75% of the open market value. The costs of providing these homes are kept lower than average by using very efficient design principles, including building smaller properties and minimising individual garden space thereby reducing construction costs.

- 11.2 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 situated at Mountbatten Place, Kings Worthy. The site currently consists of 20 garages and forecourt area which is in a poor condition due to root lifting of the surface. A garage survey has taken place which indicated that the usage for car garaging was very low and those that were let tended to be for storage purposes.
- 11.3 'Footsteps' proposal is that the site is redeveloped for 8 low cost properties for sale consisting of 2x2bed houses with a gross internal area of 60 sqm and 6x1bed flats at 35 sqm. The homes will be prioritised for 1st time buyers in the Kings Worthy area and will be offered for sale at 75% of the prevailing open market value. The on-going affordability of the properties will be controlled by means of a covenant that requires the owner to sell the property at no more than 75% of its open market value. This is the principal difference between the 'Footsteps' model and that of a traditional shared ownership scheme where the owner can staircase up to 100% and sell at full market value which can make it unaffordable to local residents.
- 11.4 It is recommended that the disposal of the land to Footsteps Living Limited be agreed subject to terms and conditions agreed by the Corporate Head of Asset Management. As previously stated in para 2.1 this may result in the land being sold at less than best consideration, however, the initial viability appraisal conducted by Footsteps Living does generate a capital receipt for the Housing Revenue Account of approximately £140,000 whilst the Existing Use Valuation (EUV) of the site is £110,000. If approval is given for the disposal of the site then Footsteps Living Limited will submit a planning application at their risk. Pre-application advice has already been sought and comments incorporated into the latest design of the scheme.

12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 The Council could develop the site as part of its own new homes programme which may still be an option if Footsteps Living Limited do not proceed with the scheme. The principal advantage of 'Footsteps' taking a scheme forward is that it offers a different type of tenure (low cost sale) that the Council currently has limited experience of developing. There is demand locally for this product which is supported by the local community.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:- None

Other Background Documents:-

APPENDICES:

Appendix 1 – map of site