

DECISION-MAKER:	CABINET		
SUBJECT:	THE PROPOSED DISPOSAL OF FOUR SURPLUS SITES TO ACCELERATE THE PROVISION OF AFFORDABLE HOMES IN THE CITY.		
DATE OF DECISION:	20 MARCH 2018		
REPORT OF:	LEADER OF THE COUNCIL		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Tina Dyer-Slade	Tel: 023 8083 3597
	E-mail:	tina.dyer-slade@southampton.gov.uk	
Director	Name:	Mike Harris	Tel: 023 8083 2882
	E-mail:	Mike.harris@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
None.	
BRIEF SUMMARY	
<p>This report seeks approval of the sale of the Council's land on four sites to enable the redevelopment of the sites principally for new affordable homes. The four sites are the:</p> <ul style="list-style-type: none"> • former Brownhill House Care Home, Lower Brownhill Road, Lordshill • former Lordshill Housing Office, Lordshill Centre East, Lordshill • former Lordshill Community Centre, Andromeda Road, Lordshill • former Oaklands Community School, Fairisle Road, Lordshill 	
RECOMMENDATIONS:	
(i)	<p>To approve the disposals of the following sites</p> <ul style="list-style-type: none"> • former Brownhill House Care Home • former Lordshill Housing Office • former Lordshill Community Centre • former Oaklands Community School <p>On a leasehold or freehold basis at less than Best Consideration where appropriate and that the disposals will contribute to the promotion or improvement of the economic, social and environmental wellbeing of the area.</p>
(ii)	<p>To delegate authority to the Associate Director – Capital Assets following consultation with the Leader of the Council, the Service Director Finance and Commercialisation and the Service Director Legal and Governance to agree detailed terms and conditions and to take any other actions required to give effect to this decision.</p>
REASONS FOR REPORT RECOMMENDATIONS	
1.	To facilitate the development of new homes in the city.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	Do nothing, this would leave these sites undeveloped and incurring cost to the

	authority in relation to security and maintenance.
3.	Market these sites to private developers which would (if attractive) result in proposals that would only be required to be policy compliant in terms of affordable housing provision (35%). Ultimately affordable housing may also still not be provided if the inclusion were to undermine the financial viability of the scheme.
DETAIL (Including consultation carried out)	
4.	This report sets out proposals to take proactive action to address the current failure of the market to deliver sufficient affordable homes within the city. There has been a significant reduction in the number of new affordable homes completed in recent years. In 2014/15 there were over 400 new homes completed in 2015/16 this reduced to 204 and 156 in 2016/17. There are currently predicted to be 33 new affordable home completed in 2017/18. Limited government funding for Affordable Housing in recent years and increasing viability challenges by developers are the main contributing factors. The issue is common to most councils and it is therefore proposed to use council owned sites to help accelerate the delivery of affordable homes in the city.
5.	The Brownhill House site in Lower Brownhill Road has been surplus to requirements since the closure of the care home. Initial expressions of interest were sought from registered providers to provide housing on the site. This process which included evaluation of the indicative plans, financial offer and deliverability has resulted in Sovereign being selected as the preferred partner. Heads of Terms have now been agreed with Sovereign and a public consultation event took place in November 2017 on their proposals for the site. Sovereign's architects are now in the process of preparing planning application drawings for a scheme which should deliver 29 properties. The scheme will deliver 100% affordable homes, a mix of shared ownership and affordable rented. There is therefore a strong case for the disposal of the land at less than best consideration.
6.	The former Lordshill Housing Office site in Lordshill Centre East, Lordshill and the former Lordshill Community Centre site in Andromeda Road in Lordshill became surplus to service requirements. The Community Association has relocated to a new venue (a former youth centre) adjacent to the Oakland's Community Pool. The two sites were offered together to Housing Association Partners and expressions of interest received in June 2017. A preferred Housing Association partner has now been identified and whilst detailed plans are currently being finalised it is expected that the sites will deliver circa 48 homes. Again it is expected that the site will comprise 100% affordable homes with a mix of shared ownership and affordable rented properties. There is therefore a strong case for the disposal of the land at less than best consideration.
7.	The former Oaklands Secondary School site which is accessed directly from Fairisle Road, Lordshill has a gross area of 3.14 hectares. The site has been vacant since the opening of the Lordshill Academy and was subsequently demolished for health and safety reasons.
8.	The city council developed a scheme for the site and applied for outline planning permission for 103 dwellings at a residential density of 33 dwellings per hectare. All matters, with the exception of external appearance secured

	planning approval, the scheme will consist of a mix of two and three story blocks with pitched roofs. The scheme which secured planning approval proposed 35% affordable housing which is compliant with Policy CS15 and 43% of the dwellings met the definition family dwellings by providing at least 3 bedrooms and a private garden. The policy CS16 requires a minimum of 30% family housing.
9.	Outline terms have been agreed which will see the 103 homes being developed as per the planning approval, and an agreement with a developer and finance company which will result in the council owning the majority of the properties on the site after a 40 year period. The homes will be a mix of affordable and market rent and it is expected that approximately 50% of the homes will be available for affordable rent. After a 40 year period the Council will have the option to acquire the homes for a nominal sum. Because this scheme should deliver a high level of affordable homes it creates a strong case for the disposal of the land at less than best consideration.
10	The Council is working with Homes England to secure funding for the site under the government's Accelerated Construction Programme. Homes England are carrying out diligence on the site and if funding is approved this would support the development of the site as a pilot for Modern Methods of Construction.

RESOURCE IMPLICATIONS

Capital/Revenue

11	It is proposed that the sites in this report are sold at less than best consideration in order to accelerate the delivery of affordable homes in the city. The financial terms for the proposed deals are still to be agreed but the sale of these site will deliver capital receipts to the Council. Once the developments are completed they will provide eligible housing for the current New Homes Bonus scheme, which would increase grant income for a short period after completion, and also generate revenue income from Council Tax over the life of the properties.
12.	The funding model for the Oakland's School Site will provide rental income throughout the life of the lease and give the Council the opportunity to purchase a the property for a nominal value on completion of the lease in 40 years.

Property/Other

12.	The sale of surplus Council land for development is consistent with the Council's Corporate Property Strategy.
-----	--

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

13.	The Power for the Council to dispose of a property is provided by Section 123 of the Local Government Act 1972. The General Disposal Consent (England) 2003 allows Local Authorities to dispose of land at less than best consideration where the authority considers it will contribute to the promotion or improvement of economic, social, or environmental well-being of an area and the undervalue is less than £2 million.
-----	--

Other Legal Implications:

14.	
RISK MANAGEMENT IMPLICATIONS	
15.	In general the council's main objective for these sites is to secure the maximum number of affordable homes. There is a risk that the council is unable to conclude the sale agreements with companies to develop affordable homes on these sites but significant progress has been made.
16.	In the case of Brownhill House, Andromeda Road and the Lordshill Housing Office there will be a contract for the sale of the land which will state that the site is being disposed of for the purposes of affordable housing. There will be a restrictive covenant that will seek to prevent the units from being let or sold as market units. Whilst there are risks, these sites will be sold to the councils Registered Housing Association Partners and it will be in their commercial interest to progress the completion of the homes, they will risk loss of Homes England funding towards the development if they fail to complete the development.
17.	In the case of the former Oakland's Community School site, there is a need for progress to be made as the planning permission expires in October 2018 and it would be a significant disadvantage not to be able to benefit from the planning approval.
POLICY FRAMEWORK IMPLICATIONS	
18.	These proposals will help deliver new homes including affordable homes in line with the Southampton City Council Housing Strategy 2016-2025, they will also contribute towards the targets in the Core Strategy. The Southampton City Council Core Strategy Adopted version January 2010 in policy CS4 outlines the target to provide an additional 16,300 homes to be provided between 2006 and 2026. The Planning Authority monitoring report April 2015 – March 2016 says that the target of 16,300 homes will be replaced with 19,450 homes needed between 2011 -2034 in the New Emerging Local Plan.
19.	The former Oaklands School site and the former Lordshill Housing Office site are both included in the Strategic Housing Land Availability Assessment (March 2013). The purpose of the SHLAA is to: <ul style="list-style-type: none"> • Identify sites with potential for housing • Assess how many houses/flats might be developed on a site • Assess when they are likely to be developed

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	Coxford and Redbridge
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	

1.	Plan – Former Brownhill House Care Home Site
2.	Plan – Former Lordshill Housing Office Site
3.	Plan – Former Oaklands School Site
4.	Plan – Former Lordshill Community Centre Site

Documents In Members' Rooms

1.	Equality and Safety Impact Assessment
2.	

Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
---	------------

Privacy Impact Assessment

Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
---	-----------

Other Background Documents

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	
2.	