

## ITEM NO:17

<b>DECISION-MAKER:</b>	CABINET		
<b>SUBJECT:</b>	DISPOSAL OF LAND AT THORNHILL TO ENABLE REDEVELOPMENT FOR AFFORDABLE HOUSING		
<b>DATE OF DECISION:</b>	15 MARCH 2010		
<b>REPORT OF:</b>	CABINET MEMBER FOR RESOURCES AND WORKFORCE PLANNING		
<b>AUTHOR:</b>	Name:	Ali Mew	Tel: 023 8083 3425
	E-mail:	Ali.mew@southampton.gov.uk	

### STATEMENT OF CONFIDENTIALITY

None

### SUMMARY

Thornhill Plus You (TPY) has secured through the NDC programme two sites suitable for residential development. St Colmans Church was purchased by the Council in 2004 and is held on behalf of TPY until such times as they are a legal entity. The freehold of the Swallows Public House, Hinkler Road was purchased from the Council in 2008. This asset is held on trust on behalf of TPY by Southampton and Fareham Chamber of Commerce.

Both sites were offered for tender by TPY to the Council's Housing Association partners. First Wessex Housing has been selected as the successful bidder. This report seeks authority to dispose of these sites to First Wessex Housing Association.

### RECOMMENDATIONS:

Subject to TPY receiving approval from the Department of Communities and Local Government (CLG):

- (i) To approve the terms of disposal to, and receipt of overall consideration from, First Wessex Housing Association as set out in this report.
- (ii) To delegate authority to the Assistant Chief Executive (Economic Development and Regeneration) to enter into all such documentation and carry out all related action to give effect to these disposals, including any renegotiation of the capital receipts.
- (iii) To approve the portion of the capital receipt due to the Council being retained by Plus You Ltd as part of the NDC succession strategy.

### REASONS FOR REPORT RECOMMENDATIONS

1. Disposal of these sites will provide much needed additional family homes
2. This project forms part of the TPY succession strategy and successive TPY Delivery Plans as already approved by the Council.

## **CONSULTATION**

3. The project forms part of the TPY succession strategy which has been subject to a wide public and agency consultation. This strategy is discussed elsewhere on this Cabinet agenda.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

4. No alternatives have been considered. Previous Cabinet authorisation has been obtained to acquire these sites for the purposes of residential development.

## **DETAIL**

5. A competitive tendering exercise was conducted on these sites in the Autumn of 2008, and First Wessex Housing was selected as the successful bidder. For the St Colman's site they propose a scheme of 31 Residential Units (14 flats). The site is approximately 0.38 hectares. The scheme for The Swallows is low density consisting of 3 two bedroom houses and 2 two bedroom bungalows on a 0.23 hectare site.
6. The prices agreed for these sites are £831,000 (£201,000 capital receipt to Plus You Limited, £17,831 capital receipt to SCC HRA, and the transfer of residential assets to PYL to the value of £612,169) and £249,000 (capital receipt) respectively. Plan V2777 (B) attached at Appendix 1 identifies the St Colman's site and includes land that did not originally form part of the St Colmans Church. The hatched area is land currently owned by the City Council within the Housing Revenue Account (HRA). This has been included to produce a better overall development.
7. There are a number of timing issues relating to this disposal. The current programme seeks an exchange of contracts with First Wessex in late March to enable a start on site at St Colman's in April. A planning application for the Swallows has been submitted, but yet to be approved. Planning consent has been granted for St Colman's.
8. Formal approval for the disposal of these grant funded sites is required from the Department of Communities and Local Government (CLG) and has become enmeshed with the consideration by CLG of the TPY Succession Plan. The timetable indicates that consideration of the Succession Plan will not be made until April/May 2010 – This may impact on the proposed 'start' date of April 2010 by First Wessex.
9. CLG have also been asked for confirmation that any receipts from the sale will not be returned to CLG. This is because the succession and financial guidance is unclear about the amount (£) of receipts (i.e. profit) that succession bodies can receive from the sale of assets purchased with grant.
10. The Council has legal title to the St Colman's site, and therefore needs to convey the land to First Wessex Housing Association. The site of the Swallows is not in the ownership of the Council, but as required by the "Transfer of delivery of the Thornhill Plus You New Deal for Communities (NDC) Programme to Plus You Limited" report to Cabinet of 16 February 2009 needs to be the subject of a report on the disposal of any property assets.

11. The disposal of St Colman's at a value of £831,000 will be subject to receiving a partial capital receipt of £201,000 payable to PYL and £17,831 payable to Southampton City Council (HRA) with the outstanding balance of £612,169 to be utilised by First Wessex to acquire residential properties.
12. PYL will receive £201,000 upon completion of the sale from First Wessex Housing Group Limited in April 2010. In May 2011 First Wessex will acquire residential units in the Hinkler Shopping Parade redevelopment to the value of the outstanding balance of £612,169. These residential units will be managed by First Wessex on behalf of PYL. The units will be rented out an intermediate rent (80% of market rent) to accord with PYL charitable objectives.
13. The enforcement of these contractual obligations will rest with PYL; not the Council.
14. The above proposals are subject to the approval of CLG.

## **FINANCIAL/RESOURCE IMPLICATIONS**

### **Capital**

15. £201,000 of the sale proceeds for this transaction is to be passed to PYL as part of the succession strategy as previously approved by the Council. Part of the proceeds from the St Colman's site will be credited to the HRA and this will amount to £17,831. It has been agreed with Neighbourhoods Directorate that this will in turn contribute to a succession related project on Thornhill.
16. The outstanding balance to PYL of £612,169 will be received by PYL in the form of residential units at Hinkler Road Redevelopment.

### **Revenue**

17. There are no revenue implications for the Council.

### **Property**

18. Both sites are being sold for the most appropriate use. The site of the Swallows could provide more units, but it represents local need.

### **Other**

19. None

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

21. The site of St Colman's is being sold under section 123 Local Government Act 1972 and Housing Act 1957. The site at St Colman's is being sold at market value as the consideration being received will be initially a capital sum and subsequently the value of units acquired at Hinkler Road. TPY's independent Valuer is satisfied that Market Value is being met.

### **Other Legal Implications:**

22. The proposal is subject to approval by DCLG and should they approve it then it is reasonable for the Council, as Accountable Body, to be satisfied with the linked transactions

## **POLICY FRAMEWORK IMPLICATIONS**

23. The proposals contained within this report will contribute positively to meeting the priorities to develop balanced and sustainable communities including the provision of more affordable homes in the city, and preventing homelessness, as set out in the Housing Strategy 2007-11 and to secure the Medium Term Plan & Corporate Improvement Plan targets of 2,000 new affordable homes completed between 2007/2012

## **SUPPORTING DOCUMENTATION**

### **Appendices**

1.	Plans V2574 (B) & V 2577 (B)
----	------------------------------

### **Documents In Members' Rooms**

1.	None
----	------

### **Background Documents**

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.	None	
----	------	--

**Background documents available for inspection at:** N/A

**KEY DECISION?**                      Yes

<b>WARDS/COMMUNITIES AFFECTED:</b>	Bitterne
------------------------------------	----------