

## CABINET

DATE OF COMMITTEE  
21<sup>st</sup> September 2011

### REPORT OF THE PORTFOLIO HOLDER QUALITY OF LIFE AND PORTFOLIO HOLDER CORPORATE SERVICES AND ASSETS

#### TITLE OF REPORT

**Disposal Of Council Owned Garage Sites For The Development Of Affordable Housing**

#### EXEMPT INFORMATION

None

#### Purpose

To agree in principle to the disposal of 26 Council owned garage sites for the purpose of developing affordable housing as per the previous cabinet decision to disinvest in sites that are uneconomical to retain. By disposing of underused garage sites in this way the Council is making best use of its assets in increasing the supply of affordable housing and helping to deliver against corporate priorities. Further site evaluation and feasibility assessments are required before a final decision is taken in respect of the disposal of these sites. This will incorporate the potential to develop specialist housing provision for older people and vulnerable residents and enable the Council to deliver against priorities identified in the Local Delivery Plan as approved by Cabinet in June 2011. Additionally this action will support the delivery of the Council's corporate priorities.

A further report on the wider retention arrangements for the remaining 63 sites will be presented to Cabinet in November including investment and management options. These will include an assessment of the potential for open market sale or alternative uses for individual sites.

#### RECOMMENDATIONS

- ✓ **That Cabinet agrees in principle to the disposal of 26 garage sites to partner Registered Providers (RPs) to develop affordable housing**
- ✓ **That authority is delegated to the Portfolio Holder Quality of Life and Portfolio Holder Corporate Services and Assets to agree final decisions relating to the disposal of garage sites following further feasibility assessments**
- ✓ **That a further report is submitted to Cabinet in November to agree a strategy for investment in the retained garage stock and potential disposal of sites not suitable for affordable housing development.**

#### RESOURCE IMPLICATIONS

In February 2011 Cabinet approved a commitment to the development of Affordable Housing on underused garage sites and requested that an initial assessment of site suitability be conducted with Registered Provider (RP's) partners. This work is now completed and a schedule of 26 sites to be taken forward for further detailed evaluation is attached at Appendix A.

The estimated total value of the garage sites being considered for disposal is £688,100. This is an estimated valuation based on the potential value of the sites if disposed of on the open market for the purpose of residential development. As detailed site evaluation has not been undertaken and as planning permissions are not currently in place the actual current marketable value of the sites is significantly less. It should also be noted that under current pooling rules if any of these sites were sold on the open market the Council would only receive a proportion of the receipt, currently 50% of the proceeds from the sale of land can be retained. It is intended to make available the land at zero cost to partner RP's for the

purpose of providing affordable housing and providing that the Council is given full nomination rights this would be classed as exempt from the pooling requirement. Whilst this represents a notional loss of the Capital value of the land for the Council this is offset by the ensuing community benefits.

Further value for money consideration include:

- It is likely the estimated value of £688k would not be realised commercially due to the nature of the sites involved
- Any affordable units developed will be available to the Council for nomination from the Housing register
- Additional units of affordable housing will help to meet the needs of homeless households and reduce cost to the Council in managing homelessness
- There are costs of demolition and clearance which will be met by the RPs
- The sites can not currently be let in their current state and some sites have been identified as having social problems in relation to anti social behaviour and therefore currently have a negative impact on the community
- By reducing the garage stock overall investment can be focused on retaining other sites that have longer term sustainable benefits
- The partner Registered Providers are paying for all related feasibility, legal and planning costs in relation to the future development

The 26 sites under consideration have been identified as sites for disinvestment due to under-use, high void levels and maintenance issues. There will be a loss of income, however the majority of the rental loss from these sites has already been built into existing budgets.

In taking forward these sites for the development of affordable housing, the supply of affordable housing options available to local people will be increased. This will assist the Council in preventing cases of homelessness and provide local people with a long term housing solution that will also encourage positive health and wellbeing outcomes. The RPs will grant 100% nomination rights in return for the investment of land.

In terms of the costs of homelessness, it is estimated that the costs to the Council of a household becoming homeless is £5,300. If it is assumed some of the housing generated is utilised to house homeless / potentially homeless households, the disposal of these sites will generate value for money outcomes for the council as well as positive housing and health outcomes for local residents.

Additionally, it should be noted that the use of the garage sites to develop affordable housing is likely to generate considerable inward investment into Tamworth. Based on current estimates from RP partners, delivery of the proposed 87 unit included in the attached development schedule would attract around £2,340,000 in Homes and Communities Agency (HCA) Grant and a total net investment from RP partners of £5,340,000.

Any new housing developed on these sites would attract New Homes Bonus with an additional enhancement of £350 included for each dwelling built as they would be affordable homes.

It should be noted that all of the above is based on successful development of all sites for affordable housing. There are a number of key pieces of work which will need to be undertaken which will impact on this including site investigation and consultation.

## **LEGAL/RISK IMPLICATIONS BACKGROUND**

In order to progress activity to submission of this report, partner RPs have engaged architects and other partners and have subsequently taken the project forward to this point at their own risk. As the viability to develop each of the identified sites is taken forward following approval to dispose, partner RPs will meet all legal costs arising from this activity at no cost to the Council.

Financial risks associated with this project will be accommodated by partner RPs with the Council supporting applications for HCA grant and other sources of funding to support delivery.

A key risk to the delivery of affordable housing on these sites will be the availability of funding.

Risks to the Council should disposal / development not go ahead are increased levels of void garages on these sites with associated problems of ASB, deterioration of the environment, loss of inward investment and partner support to deliver affordable housing and environmental improvement and additional pressure on the existing housing stock. Additionally, there is a risk that residents may be concerned that plans to redevelop garage sites have been formulated without their knowledge. It is important to note that the decision to redevelop any of the sites identified in the development schedule will be subject to completion of detailed feasibility studies, specific member approval and the usual planning processes. As part of this process the needs and views of local residents will be fully considered.

## **SUSTAINABILITY IMPLICATIONS**

There are inevitable benefits of delivering affordable housing on the identified garage sites, namely:

1. contributing to healthier outcomes
2. economic regeneration of deteriorating open spaces
3. efficiency savings in relation to revenue and maintenance costs associated with managing difficult to let and problem garage sites
4. compliments overall garage strategy that deals with disinvestment, retention and proposals for future change of use (report to follow)

These and other associated outcomes would contribute towards the delivery of key priorities identified by the Tamworth Strategic Partnership and adopted by Tamworth Borough Council.

## **CONCLUSIONS**

Disposal of council owned garage sites to develop affordable housing would make a cost effective and positive contribution to meeting housing need in Tamworth. Additionally, wider issues concerning improving health outcomes, environmental improvement and economic regeneration will be addressed.

## **BACKGROUND INFORMATION**

In February 2011 Cabinet approved a commitment to the development of Affordable Housing on underused garage sites and requested that an initial assessment of site suitability be conducted with Registered Provider (RP's) partners. This work is now completed and a schedule of 26 sites to be taken forward for further detailed evaluation is attached at Appendix One.

In parallel with the above assessment work has been ongoing to develop a retention strategy for the remaining garage units owned by the Council. This strategy will be the subject of a further report to Cabinet in November 2011.

Work is ongoing with the Council's Registered Provider partners to develop the sites identified within Appendix A. Much work remains to be done but at an early stage, it has been agreed with RP partners that the Council will have 100% nomination rights to any new affordable dwellings developed on these garage sites. Council owned garage sites have been identified in the Local Investment Plan as being high priority for development and represent one of many options to take forward in order to increase the supply of affordable housing in Tamworth. The Homes and Communities Agency are aware of progress made regarding the garage sites and RP partners have indicated they will be seeking HCA resources to assist in the delivery of affordable housing on these sites. Should development take place on these sites as planned, this will make a valuable contribution to increasing the supply of affordable housing for local people and contribute to the wider priorities and outcomes identified by the Tamworth Strategic Partnership.

**REPORT AUTHOR**  
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<b>LIST OF BACKGROUND PAPERS</b>

<b>APPENDICES</b>
A. Development Sites Schedule