

Report of: Neighbourhood Renewal Business Manager

To: Housing Advisory Board
Executive Board

28th November 2006
18th December 2006

Item No:

Title of Report : Major Project Approval for the Redevelopment of Land at Wyatt Road, Oxford



Summary and Recommendations



Purpose of report: This report seeks Major Project Approval and approval under Contract Procedure Rule 9 to dispose of land at Wyatt Road to Paradigm Housing Group Limited.

The report gives details of the scheme and also alternative ways of meeting the Council's objectives as required under the Constitution.

The redevelopment of these sites directly supports the Council's vision of working with others to deliver shared goals by meeting its objective of providing more affordable/social housing, as well as making Oxford a safer city.

Key decision: Yes

Portfolio Holder: Housing Portfolio Holder

Scrutiny Responsibility: Housing Overview and Scrutiny Committee

Ward(s) affected: Summertown

Report Approved by:

Portfolio Holder: Cllr Patrick Murray
Neighbourhood Renewal: Val Johnson

Legal: Lindsay Cane
Finance: Dave Higgins



Policy Framework: Oxford Plan – ‘Reducing Inequality through Social Inclusion and More Housing for Oxford’

Recommendation(s):

The Executive Board is asked to:

- i) grant Major Project Approval under section 5.04 of the Contract Regulations for the development of the Council owned land for affordable housing.
- ii) approve the method of disposal of the land under section 9.04 of the Contract Regulations and the terms of the disposal to Paradigm Housing Group under section 9.05 of the Contract Regulations as set out in section 6 of the report and the Confidential Appendix.
- iii) in light of recommendation (ii) above, to waive the need to seek further approval to dispose of the land to Paradigm Housing Group through a separate report under section 9.05 of the Contract Regulations.
- iv) instruct the Neighbourhood Renewal Manager and Legal Services Manager to draw up appropriate documentation to dispose of the land on the terms set out in this report
- v) approve the use of the capital receipt from the sale of the land to fund investment in Decent Homes

1. BACKGROUND

- 1.1 The site, shown edged black on the plan attached, is owned by the Council and is occupied by 5 x 1bed bungalows, which were built in the 1960s, and a site of 26 garages.
- 1.2 The bungalows face onto the site of Cutteslowe Court which was purchased by Paradigm Housing Group (PHG) in 2002 from the County Council. PHG have considered a number of options for their land and approached the Council in 2005 to investigate whether the two sites could be redeveloped jointly to provide affordable housing.
- 1.3 The bungalow residents were surveyed and all expressed a wish to be rehoused. This was carried out as a priority because of the poor living conditions for the tenants arising from the dereliction of the Cutteslowe Court site.
- 1.4 It was agreed that, with no requirement to reprovide bungalows on site, then family houses for rent would be the Council’s priority for any joint redevelopment project.
- 1.5 PHG bid to the Housing Corporation for the 2006-08 programme and secured a grant allocation in March 2006.
- 1.6 The Council’s site is attracting anti social behaviour in spite of the screening of the bungalows and Oxford City Homes are looking at options for clearing and fencing the site in advance of redevelopment.

2. OBJECTIVES

- 2.1 The objective of the scheme is to provide more affordable housing to meet priority housing need and reduce social exclusion by redeveloping the site comprehensively, and to remove a source of nuisance to the local community.

3. REDEVELOPMENT PROPOSALS

- 3.1 The proposal is to dispose of the site to Paradigm Housing Group (PHG) who will carry out a comprehensive redevelopment of both sites to provide 34 units for affordable rent as follows:

Cotteslowe Court site: 18 x 2 bed/4 person flats
8 x 3 bed/6 person houses

Bungalow/Garage site: 8 x 4bed/7 person houses

- 3.2 The planning application is due to be considered by North Area Committee on 2nd November 2006.
- 3.3 The Council will receive nomination rights in perpetuity to the housing units and these will be 100% of initial lettings and 75% of relets.
- 3.4 PHG have secured grant funding of £3.5m from Housing Corporation to fund the scheme.

4. OTHER MEANS OF ACHIEVING THE OBJECTIVES

- 4.1 Opportunities in the City to develop affordable housing are very limited as the Council has developed its land bank and given the high level of need, and the Council's particular need for family housing for homeless households in particular, the use of Council owned land for this purpose should be optimised.
- 4.2 Under the Prudential code, the Council could borrow to construct the dwellings itself. Given that Government would not provide any funding, if the Council developed the site, the repayments and interest would be more than the rental income and there may be subsidy implications.

5. PROCUREMENT

- 5.1 While the Council could market its land successfully for development, the opportunity exists for comprehensive redevelopment in partnership with PHG to provide affordable housing for rent. This means a more useful range of housing can be provided to meet priority need for the Council and there are economies of scale because of the size of the development in terms of the build cost.
- 5.2 Executive Board is therefore asked to waive the requirement to tender the land under the Constitution.

6. DETAILS OF LAND DISPOSAL

- 6.1 Approval is sought to dispose of the land (edged black on the attached plan) freehold with vacant possession at market value. PHG have agreed to purchase the land at market value and details are given in the Confidential Appendix attached to this report.
- 6.2 The land is held for housing purposes by the Council under Part II of Housing Act 1985 and is not covered by specific Local Plan policies affecting its development. The site could therefore be marketed and developed for private housing.
- 6.3 Under S123 of the Local Government Act, local authorities have power to dispose of land for the best consideration reasonably obtainable. Consent of the Secretary of State to the disposal at market value will be sought should this be required under regulations governing the disposal of assets held in the Housing Revenue Account.
- 6.4 The Council could landbank the site and not develop it but this would leave it prey to anti social behaviour and is not an acceptable course of action given its current condition.

7. PROGRAMME

Planning approval	November 2006
Start on Site (PHG land)	December 2006
Land transfer (OCC Land)	January 2007
Start on site (OCC Land)	February 2007
Practical completion	September 2008

8. FINANCIAL IMPLICATIONS

- 8.1 The financial implications for the HRA and General Fund are shown in the Confidential Appendix.
- 8.2 The effect on HRA revenue over a five year period would be an indicative net loss of income of £133,000. The net effect on HRA capital takes into account; the capital receipt, loss of major repairs allowance (MRA), a saving from not having to bring the homes up to decent homes standard and lower contributions towards funding from revenue surpluses.
- 8.3 The general fund would gain nomination rights, which have a present value of 786,000. This is based on the current nomination fee that is paid to OSLA for its properties.

9. STAFFING IMPLICATIONS

9.1 There are no staffing implications arising from this report.

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Background papers: None

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Paragraph 9 , Schedule 12a
Local Government Act 1972

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CONFIDENTIAL APPENDIX



VALUATION



The open market value of the Council's land, including the value of the ransom which arises from the Council's ownership of Wyatt Road, the sole access to the sites, is £1.3m, as assessed by independent valuation.



2. FINANCIAL IMPLICATIONS

HRA

2.1 The table below shows the net indicative effect on both revenue and capital over a five year period.

	2007/08	2008/09	2009/10	2010/11	2011/12	Total
Revenue	£000's	£000's	£000's	£000's	£000's	£000's
Loss of Rental Income	29	29	29	29	29	145
add Home Loss / Removal Costs	0	0	0	0	0	0
less Reduced Subsidy Payable	0	8	8	8	8	32
Net Revenue Cost	29	21	21	21	21	113

	2007/08	2008/09	2009/10	2010/11	2011/12	Total
Capital	£000's	£000's	£000's	£000's	£000's	£000's
Capital Receipt (from 06/07)	-1,300	0	0	0	0	-1,300
Decent Homes Saving	-47	0	0	0	0	-47
Loss of MRA	0	3	3	3	3	12
Loss of RCCO	29	21	21	21	21	113
Net Effect on Capital Resources	-1,318	24	24	24	24	-1,222

2.2 The effect on revenue over five years would be a cost/ loss of income of £113k.

2.3 The net effect on capital funding would be a net receipt of £1,222k.

Assumptions

2.4 Figures are based on current costs, income and subsidy allowances. No allowance has been made for inflation.

2.5 Rental income includes garage and dwelling rents and assumes full occupancy.

2.6 Decent Homes Saving shown in 2007/08. The properties were due to be made decent in 2006/07.

2.7 Subsidy and MRA calculations in any year are based on the stock numbers at the end of March two financial years prior.

General Fund

2.8 The present value of the nomination rights is £786k.