

Report of: Head of Community Housing and Community Development

To: City Executive Board

Date: 23 July 2008

Item No:

Title of Report: Options for land at Warren Crescent

Summary and Recommendations

Purpose of report: This report gives details of the development of the site at Warren Crescent and also sets out alternative ways of dealing with the land, as required under the Council's constitution.

Key decision: Yes

Portfolio Holder: Councillor Turner

Report approved by:

Finance: Sarah Fogden

Legal: Lindsay Cane

Policy Framework: The redevelopment of this site directly supports the Council's vision of working with others to deliver shared goals by meeting its objectives of providing more affordable/social housing, as well as making Oxford a safer City.

Recommendation(s)^[x1]:

The City Executive Board is asked to:

- i) Decide which, if any, of the five options outlined in this paper they wish officers to pursue.
- ii) If the decision is to pursue option 1, the Board are asked to:
 - a) Grant Project Approval under section 5.04 of the Contract Regulations for the development of the site for affordable housing.
 - b) Approve Home Group Limited group as the development partner for the scheme.
 - c) Approve the disposal of the site to Home Group Ltd leasehold with vacant possession under Rule 9 of the Contract Regulations.
 - d) Instruct the Executive Director (City Regeneration) and Head of Legal Services to negotiate the detailed terms of disposal of the land and to complete the transfer of the land.

1. BACKGROUND

- 1.1 Warren Crescent consists of 0.3294 hectares of land, which part of it formed previously a disused garage site next to open land. This site is not allocated for any specific purpose in the Oxford local plan 2001 - 2016.
- 1.2 Home Group Ltd were competitively selected as one of the Council's housing association partners in May 2000 and as such in 2001 were competitively selected to carry out the redevelopment of the Warren Crescent garage site as a part of a dispersed foyer scheme.
- 1.3 The Council's Housing Committee granted Major Project Approval in February 2001 for the garage site to be developed as 6 x 1 bedroom flats as part of the Council's dispersed foyer scheme. In view of this a contribution of £375,000 Local Authority Social Housing Grant was allocated for the construction of the flats by the Strategy and Resources Committee in February 2001 on the garage site. This meeting also approved Home Group Limited formerly Warden Housing Association as the development partners.
- 1.4 In February 2003 the City Council terminated the Dispersed Foyer Project, but retained the capital funding for the one bed development. Consequently Home Group were asked to look at developing the whole of the area at Warren Crescent for general needs affordable housing as they already had Major Project Approval for developing the garage area next to the open land.
- 1.5 In 2003 the adopted local plan and emerging draft local plan acknowledged a shortage of affordable housing in the City. 100% of the proposed housing on Warren Crescent is to be affordable. Eighteen dwellings are proposed and all would be retained as affordable housing.
- 1.6 In February 2003 the North East Area Committee gave conditional planning approval for the demolition of garages at Warren Crescent, Headington and the erection of 18 dwellings comprising of 8 x 3 bed houses, 6 x 1 bed flats in a 3 storey building, 2 x 1 bed bungalow and 2 x 2 bed bungalows across the garage site and the larger development site. The formation of a new vehicular access, provision of 18 parking spaces, erection of 12 garden sheds and a cycle store were also approved.

2. OBJECTIVES

- 2.1 The objective of the Warren Crescent development is to provide more affordable housing in Oxford.

- 2.2 The disposal and subsequent redevelopment of the land will bring into use informal recreation land and a former garage site, which will improve the local environment to nearby residents.
- 2.3 There are other means of dealing with the land, as outlined in the Options section of this report.

3. OPTIONS

Option 1

- 3.1 Develop the site for affordable housing in Partnership with Home Group Ltd. The scheme would comprise of 18 dwellings comprising of 8 x 3 bed houses for rent, 6 x 1 bed flats in a 3-storey building for shared ownership, 2 x 1 bed bungalow and 2 x 2 bed bungalows for rent across the garage site and the larger development site. The formation of a new vehicular access, provision of 18 parking spaces, erection of 12 garden sheds and a cycle store were also approved.
- 3.2 The funding for this scheme requires a mixture of Housing Corporation grant of £810,000, which Home Group will bid for, and Oxford City Council grant of £375,000, based on paying a capital receipt to the City Council for the land. Please see confidential appendix for the valuation, and details of the capital receipt.
- 3.3 In October 2003 conditional planning permission was granted for the whole development site. The North East Area Committee on 20th May 2008 also resolved that the Council should make a diversion order relating to a footpath, which crosses the site. The diversion can be dealt with under section 257 of the Town and Country Planning Act 1990.
- 3.4 The scheme proposes to redirect a short stretch of footpath along the pavement in front of the site. It can then rejoin its route. This minor diversion is reasonable and safe and would allow for more efficient use of the site.
- 3.5 The application to divert the footpath is initiated by the City Council and the County Council operates the process, which is likely to take several months to conclude. Discussions have already taken place with the County Council Highways Department, the Ramblers Association and the allotment holders who are satisfied that there is no realistic alternative route for the footpath to provide a through route, now planning permission has been obtained.
- 3.6 It is likely that main development work would not be able to commence on the garage site until 2009 at the earliest because of the footpath diversion process. However, some minor development work would be possible under the current planning consent which expires in October 2008. This work could be the laying of a foundation or a service and

must not interfere with the current route of the footpath, prior it to being diverted.

- 3.7 There have been a number of concerned comments regarding the loss of an open space received from Ward Members as a result of the report being placed on the Forward Plan, at the time of writing this report. Consultation has already taken place through the Planning Approval process for the development of and the demolition and development of the garage sites. Further formal consultation will take place with the local community regarding the need to divert the footpath, which is necessary to develop the site, should this option be taken forward.

Option 2

- 3.8 Disposal of the site on the open market for residential development. Development would be subject to the Council's Affordable Housing Planning Policy and, on the basis of the scheme for 18 properties, the number of affordable units would be 9. The open market value of the site is given in the Confidential Appendix.

Option 3

- 3.9 The Council disposes the land to a Special Purpose Vehicle established by the Council for the development of affordable and sale units. The Government have indicated that they are considering introducing legislation to allow Councils to dispose land to an independent Charitable Trust, via the creation of a SPV. The details and timescales are yet unclear as to how this would be achieved. Consequently there may be a lengthy time delay before the redevelopment work can take place, pending the new legislation.

Option 4

- 3.10 The size of the redevelopment is reduced to building only on the former garage site, leaving the green area as open space. This smaller proposal is likely to receive opposition, as building on the garage area alone could prevent the allotment holders having vehicular access to their land. There may also be opponents in the local community to there being a smaller scheme. In addition the route of the footpath would have to be renegotiated with the Ramblers Association, the allotment holders as well as with Oxfordshire County Council's Footpaths Officer, which will take time. The open market value of the site is given in the Confidential Appendix.

Option 5

- 3.11 The site is left undeveloped as open space and a cleared site for the community to make use of. This option will affect the Council's affordable housing development programme for 2008/09 in that the overall prediction of 245 affordable units starting on site during the year

will be reduced by 18 units, which represents a reduction of 7.34% to the programme.

4. DETAILS OF LAND DISPOSAL

- 4.1 If City Executive Board approve Option 1, approval is sought to dispose of the land (edged black on the attached plan) at a discounted value on a 125-year lease with vacant possession with nomination rights. The Council will have nomination rights to these units in line with those set out in the Council's Partnership Agreement, which Home Group are a partner to.
- 4.2 This land is currently held for housing purposes under Part II of the Housing Act 1985 and the capital receipt for the land will be used to fund the Decent homes programme.
- 4.3 Local authorities are able to dispose of land at less than market value to Registered Social Landlords under a General Consent from the Secretary of State (The General Consent under Section 25 of the Local Government Act 1988 for the Disposal of Land to Registered Social Landlords) and also covers consent under Section 32 of the Housing Act for the disposal of land.
- 4.4 Details of the land valuation and the capital receipt are given in the Confidential Appendix.

5. APPOINTMENT OF DEVELOPMENT PARTNER

- 5.1 On the legal advice received, there is no market in the provision of social housing as such and consequently the state aid rules do not apply. The Office of the Deputy Prime Minister broadly supports this view. On this basis the Council is able to proceed with Home Group as a development partner if Option 1 is approved.
- 5.2 Home Group Limited were competitively selected as one of the Council's housing association partners in May 2000. Home Group was originally appointed to develop the garage site as part of the dispersed foyer scheme in 2001. Board approval is sought to extend that approval for the development of the whole of the Warren Crescent site.

6. FINANCIAL IMPLICATIONS

- 6.1 Under the Prudential code all reasonable options need to be considered. Local Authorities, in carrying out their duties under Part 1 of the Local Government Act (England and Wales) 2003 are required to have regard to all aspects of the Prudential Code that relate to affordability, sustainability and prudence. This means that a range of options has to be considered as set out elsewhere in the report.

7. RISKS

A risk Matrix for the development project is appended at appendix 2.

8. CLIMATE CHANGE/ ENVIRONMENTAL IMPACT

- 8.1 The new housing will be built to meet the Housing Corporation's energy efficiency standards current on commencement of development: this is currently Sustainable Homes Code Level 3. In addition the scheme will be required to meet planning policy requirements for energy efficiency, which includes renewable energy.

9. EQUALITIES IMPACT

- 9.1 The mix of affordable housing units proposed in Option 1 meets priority housing need which has been identified by the Council. The Council will secure nomination rights in perpetuity to the affordable housing and the allocation of the dwellings will be controlled by the ORAH Partnership through the Choice Based Lettings scheme.

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Background papers: None

Appendices:

1. Exempt from publication valuations
2. Risk matrix

Appendix
2 – Risk
Matrix

Risk & Description	Likelihood	Impact (High/Med/Low)	Counter Measures
Housing Corporation grant funding not secured	Medium	High	<ul style="list-style-type: none"> • Reduce capital receipt to lower grant requirement • Reduce rented units and increase proportion of NBHB to provide higher sales receipts
Construction works not started before expiry of planning consent	Low	High	<ul style="list-style-type: none"> • Commence enabling works by October 2008 • Legal Services instructed to submit footpath diversion application as a priority
Footpath diversion not approved	Medium/High	High	<ul style="list-style-type: none"> • Negotiate alternative route with stakeholders prior to application being made
Affordable housing target not met if redevelopment scheme not approved	Medium/High	High	<ul style="list-style-type: none"> • Identify substitute non S106 scheme to maintain programme numbers
Issues relating to legal title prevent development	Medium	Medium	<ul style="list-style-type: none"> • Full title search carried out during precontract stage • Home Group secure indemnity insurance
Unforeseen increase in construction costs	Low	Medium	<ul style="list-style-type: none"> • Detailed ground investigation prior to contract • Risk transfer from Home Group to contractor through design and build contract.