



PORTFOLIO: HOUSING, CORPORATE AND FINANCE

CABINET – 5 DECEMBER 2001

DISPOSAL OF LAND AT ASH CLOSE, NETLEY VIEW, HYTHE FOR AFFORDABLE HOUSING

1.0 Introduction

- 1.1 The purpose of this report is to consider the disposal of land at Ash Close to Hyde Housing Association. The land, which measures approximately 25 m x 14m (plan attached) is required to provide access to an area of land owned by Hythe and Dibden Parish Council.
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- 1.2 The proposed houses themselves will be constructed on the Parish Council land. In all 10 affordable dwellings are proposed.
- 1.3 The District Council land forms an area that is used as a pedestrian access to the Parish Council land (a formerly equipped play area) and the site of 10 Ash Close (a Council dwelling that was recently demolished following an arson attack).

2.0 Background

- 2.1 The proposals evolved initially as a response to problems identified with the use of the former play area. Its use had created problems for neighbours as a result of antisocial behaviour and the land's long-term use as a play area was not seen as sustainable.
- 2.2 Following widespread community consultation and the involvement of local agencies a package of proposals has been developed. These involve the development of the land at Ash Close for much needed affordable housing, there are currently over 500 households on the Housing Register for the area, and the provision of new play facilities close by at Forest Front. These new play facilities will include separate skatepark and toddlers play areas.
- 2.3 On 19 August 1999 Project Control Sub Committee resolved to approve proposals for the development of Ash Close for affordable housing development subject to agreements being in place to ensure all proceeds from the transfer of the land to a housing association to be used for improving play facilities on the Netley View Estate.
- 2.4 Planning applications have recently been submitted for the proposals and, if they are successful, and the land is transferred, it is hoped development can

commence early in the New Year. It is likely it will be an essential planning requirement that the replacement play facilities are constructed, should the housing scheme go ahead. The two proposals are, therefore, inextricably linked.

- 2.5 The housing scheme will be funded by a combination of social housing grant and private finance raised by Hyde.
- 2.6 In February 2000 the Housing Corporation committed grant funding of £153,500 to the housing proposal for 8 dwellings. In March 2000 Housing Committee agreed to match fund the Housing Corporation grant allocation with Local Authority Social Housing Grant (LASHG). Hyde Housing Association have recently submitted a bid to the Housing Corporation for social housing grant to fund the remaining 2 dwellings.
- 2.7 The bids to the District Council and Housing Corporation took account of the maximum that Hyde could afford to pay for the acquisitions of the land - £155,000. This is below the unconstrained open market value for the site and access, however due to constraints placed on housing associations concerning their rents (so that dwellings may remain affordable) it would not be possible to proceed with the development if land costs were higher.
- 2.8 The cost of the play areas are estimated at £172,000. They are to be funded primarily by the capital receipt received for the sale of the land (unless an alternative mechanism is found – Section 3.0 below). Additional funding will be made available from the District Council's capital receipt for the sale of Holly Close (agreed by Policy and Resources Committee on 11 June 2001), and by developer's contributions arising directly as a result of the development. If no alternative funding sources are available the Parish Council have agreed to fund the significant shortfall there is with regard to maintenance costs. This would necessitate an increase in their Precept.

3.0 Alternative Funding Sources for the Play Areas

- 3.1 Two alternative funding sources are being investigated.
- 3.2 A Lottery bid has been submitted. The outcome of this will not be known until the New Year. This presents a problem in that it is likely that the Housing Corporation funding for the dwellings will be lost if grant is not spent this financial year, however there may be an opportunity to switch funding streams should the bid be successful. The position, however, remains uncertain.
- 3.3 Alternatively it may be possible to draw upon existing developers contributions to assist in funding the play areas. However this would be at the expense of other potential recreational facilities elsewhere in the Parish.

4.0 Financial Implications

- 4.1 Typically, in order to ensure that LASHG provides the maximum number of affordable dwellings, Council land would be transferred to a housing association at £2,000 per plot. This case is a little unusual in that no dwellings

are being constructed on District Council land, rather it is proposed it be used for access to the development site.

- 4.2 Normally the access would be valued at 25% of the land's development value. Thus if the housing land were disposed of to a housing association for development based on a land value of £20,000 (£2,000/plot) then access could be valued at £5000. By a similar approach assuming a site value of £155,000, the District Council could expect to receive £39,000 (25% of £155,000).
- 4.3 In taking a capital receipt the District Council, unlike the Parish Council, would need to set aside 50% of the receipt. This would reduce the funding available for the new play facilities. Therefore, in order to maximise the funding available for the play facilities there is benefit in allowing the Parish Council to maximise its receipt providing they have given an undertaking that this be spent on providing the proposed play areas.
- 4.4 Should alternative funding become available for the play areas this would free up some of the capital receipt for the Parish Council to invest to provide for maintenance, thus reducing or removing the deficit on maintenance costs. It is difficult to quantify fully the impact without knowing what level of alternative funding may be made available. Members may, however, wish to agree a claw back clause with the Parish Council that comes into force should alternative funding become available that leads to the value of the capital receipt exceeding the capital and revenue costs of the play areas. In this way the necessary funding can be made available to facilitate the play areas while ensuring that the Parish Council do not make a surplus at the expense of the District Council.
- 4.5 LASHG to help fund the new dwellings has been allocated by the District Council. LASHG is financed from the District Council's spending power and is refunded by the Housing Corporation.
- 4.6 There are indirect financial benefits from the LASHG programme, as if affordable homes are not available for people in housing need, then the number of households in temporary accommodation, and consequent cost to the Council, is likely to increase.

5.0 Environmental Implications

- 5.1 The local planning authority will balance a range of environmental considerations in reaching a decision.

6.0 Crime and Disorder Implications

- 6.1 There are continuing problems with respect to crime and disorder problems on the estate, primarily from children and youths. The redevelopment, and consequent removal, of the problematic play area at Ash Close and the creation of an improved facility at Forest Front should have a positive impact. Hampshire Constabulary and other agencies support the package of

proposals. The local planning authority will have regard to Crime and Disorder issues in reaching a decision.

7.0 Consultations

- 7.1 Cllrs. Greenfield and Wise agree to the disposal of land.
- 7.2 Ward members support the proposed developments.

8.0 Other Options

- 8.1 For the development of the whole of the land at Ash Close for affordable housing to be carried out there is no other option than to transfer the District Council land to a housing association. It may be possible to develop the District Council land independently, however it is unlikely that more than 1 dwelling could be accommodated and the remainder of the site would be sterilised. As explained above there are alternative options in respect of land value, however it is considered that the approach recommended below is the most appropriate in order to achieve the objective of developing the whole site for affordable housing.

9.0 Conclusions

- 9.1 The proposed package of schemes will provide valuable additional affordable housing for an area of housing need and new play facilities. The local planning authority must, however, consider a range of issues and it is important that any decision of the land disposal does not prejudice the decisions of the local planning authority on the planning applications.
- 9.2 For the reasons set out in this report, in order to ensure that the proposed dwellings are affordable, to limit the social housing grant requirements and to ensure that sufficient finance is available to fund the replacement play facilities, which are an essential element of the housing proposals, it is recommended that the District Council land is transferred freehold at nil value.

10.0 Recommendations

- 10.1 The land be disposed of to facilitate the development of affordable housing at Ash Close at nil value subject to:
 - i. A resolution to grant planning permission for the development of the dwellings and play facilities having been passed.

- ii. An undertaking being given by Hythe and Dibden Parish Council that the receipts received from the disposal of the land be used to facilitate new play facilities at Netley View.
- iii. An undertaking being given by Hythe and Dibden Parish Council that should, as a result of alternative funding becoming available (for instance, as detailed in Section 3.0 above) for the play facilities, the capital receipt (or part of that receipt) they receive from the disposal of the land no longer be needed to meet the capital and revenue costs of the play facilities, or that capital receipt in total exceed the costs of provision, a payment be made to the District Council that reflects the level of the remaining receipt and the value of the access to the site

Further Information:

Simon Maggs
Housing Development Manager
023 80 285122
simon.maggs@nfdc.gov.uk

Andy Groom
Valuer
023 80 285634
andy.groom@nfdc.gov.uk

Background Papers:

Ash Close File, Includes
Exempt Information



New Forest
DISTRICT COUNCIL
 Environment Services Directorate
 Town Hall
 Avenue Road
 Lymington
 Hants
 SO41 8ZG
 Tel: (023) 80285000
 Robert Martin B.A. M.Sc.P.
 DIRECTOR OF ENVIRONMENT SERVICES

Date: 21/11/01

Title:
 Access and Play area
 Ash Close, Dibden
 Development site

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EI Sub Site

PARISH COUNCIL LAND
 Playground

DISTRICT
 COUNCIL
 LAND

ASH CLOSE

127

117

115

12

20

12

