

## PLYMOUTH CITY COUNCIL

**Subject:** Sites proposal to support delivery of new and affordable housing

**Committee:** Cabinet

**Date:** 13 December 2011

**Cabinet Member:** Councillors Fry and Bowyer

**CMT Member:** Director for Development and Regeneration

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**Ref:**

**Key Decision:** Yes

**Part:** Part I

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### Executive Summary:

As part of the Plymouth Growth Fund report to Cabinet on 29<sup>th</sup> March 2011, Cabinet agreed the use of all of the Local Housing Company allocated sites in support of Registered Provider's bids for the new affordable housing funding framework, to be delegated to the Assistant Director Strategic Housing in consultation with the Portfolio Holders for Planning, Strategic Housing and Economic Development, and Finance, Property, People and Governance.

The rationale to allocate these site assets to our Housing Association / Registered Provider partners was to ensure they made competitive bids to the Homes and Communities Agency Affordable Homes Programme 2011 – 2015, and deliver greater inward investment for Plymouth from a smaller national pot. It will also maximize the New Homes Bonus for the city over the six years the scheme applies.

The use of sites to deliver housing has been used previously with land at nil value. The proposal was to realise a capital receipt and deliver new homes. However, the Head of Legal Services has identified a legal risk with this process. The risk has arisen following recent EU court decisions. The main risks surround the issues of the Council 'specifying works' over and above our normal planning policy requirements and the opportunities for building housing for sale not going to the wider market, therefore creating a risk of challenge from other housing providers and developers. The law regards this as the Council "procuring" works and the normal procurement rules therefore apply.

As a result we are required to go down an EU compliant tender process for these sites, offering the development opportunities to the wider open market, whilst importantly still specifying our new and affordable housing requirements to ensure an improved range and mix of homes to meet our housing needs.

The funding environment and delivery mechanisms set out in the new Government's Affordable Housing Framework requires a more responsive and flexible approach from the City Council if we are to secure investment specifically in Plymouth for new homes as funding for new affordable housing is not area specific.

We therefore need to use our housing sites strategically to kick start a sluggish housing market. Reduced public expenditure will require a greater reliance on private sector funding and the use of Council land assets to attract funding and enable the delivery of new homes we need to support housing and economic growth.

This use of City Council land assets will lever in much needed external funding and investment from a much smaller pot to support new homes delivery in the current slow housing market. This will in turn generate and maximise the New Homes Bonus to support the Growth Fund and our priority of delivering growth.

Overall we expect the sites to deliver upwards of 470 new homes. This will maintain housing delivery to current targets, and the accumulation of New Homes Bonus to support the Council's growth aspirations. It will realise a capital receipt in excess of £3.0m to support the Council's Capital Programme priorities. These are currently shown as part of the capital receipts schedule estimates and have been taken account of in the current monitoring reports.

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### **Corporate Plan 2011– 2014:**

This report focuses on the delivery of growth in the city which is one of the four key priorities adopted by the Council and its partners.

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### **Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land**

The disposal of earmarked Local Housing Company sites and former school and community centre sites will provide the city with a capital receipt to support the Council's capital programme over the next year, lever in significant external funding and investment, and support new homes delivery, which will in turn generate and maximise the New Homes Bonus to support the Growth Fund. The capital receipts are currently shown as part of the capital receipts schedule estimates and have been taken account of in the current monitoring reports.

It is proposed that the costs of providing the new playing pitches at Bond Street, and the associated changing facilities and car parking, will be met from the capital receipts received over and above those already budgeted for, from the whole school site disposals and any associated S106 contributions from enabling development.

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### **Other Implications: e.g. Community Safety, Health and Safety, Risk Management and Equality, Diversity and Community Cohesion:**

The housing specifications for these sites will ensure a wide mix of housing type and size will be delivered to meet the housing needs of a range of households including: larger families; older people; households with disabilities; promoting quality housing in successful, cohesive communities.

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### **Recommendations & Reasons for recommended action:**

Cabinet is recommended to:

Delegate authority to the Assistant Director Strategic Housing, in consultation with the Portfolio Holder for Planning, Strategic Housing and Economic Development and Portfolio Holder for Finance, Property, People and Governance to dispose of the sites following a fully compliant EU Procurement process to support the delivery of new and affordable housing.

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**Alternative options considered and reasons for recommended action:**

Failure to use Council land assets in this way would reduce our ability to deliver new and affordable housing . A standard sale with no control on the delivery of homes could mean that sites remain mothballed until the market improves. This would have an immediate negative effect on the new homes bonus the Council could achieve. Sitting on the sites would mean a much lower number of homes delivered, and the loss of New Homes Bonus. There are also potential costs in managing homelessness and housing need, which is increasing, and the impact of families living in poor and overcrowded housing on other services.

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**Background papers:**

Plymouth Growth Fund Cabinet Report –29<sup>th</sup> March 2011

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**Sign off:**

Fin	DevF111 20038a	Leg	13337/ ALT	HR		Corp Prop	CJT / 086 / 181111	IT		Strat Proc	
Originating SMT Member: Stuart Palmer											

## **1.0 Background**

1.1 As part of the Plymouth Growth Fund report to Cabinet on 29<sup>th</sup> March 2011, Cabinet agreed the use of all of the Local Housing Company allocated sites in support of Registered Provider's bids for the new Affordable Housing funding framework, to be delegated to the assistant Director Strategic Housing in consultation with the Portfolio Holders for Planning, Strategic Housing and Economic Development, and Finance, Property, People and Governance.

1.2 Those un-specified sites being former housing and school sites earmarked for Local Housing Company purposes to support new and higher levels of affordable housing delivery, new homes for sale and support estate regeneration. The value of these sites was intended to be recycled to create more homes.

1.3 A key driver in March 2011 was to allocate these site assets to our Housing Association/ Registered Provider partners in support of them achieving competitive bids to the Homes and Communities Agency Affordable Homes Programme 2011 – 2015; maximizing our share of the national funding pot over the next four years and help continue our housing development pipeline. We are still awaiting the outcome of the bid round.

1.4 The sites were packaged up with detailed specifications and we invited expressions of interest from our Housing Association partners through the Plymouth Housing Development Partnership. The sites were then allocated based upon each Housing Association's ability to meet our housing requirements and specification, and their ability to pay the capital receipt expected by the Council.

1.5 This is the process the Council had previously used to dispose of council owned sites to our Housing Association partners - albeit normally for 100% affordable housing schemes with land disposed at nil value.

## **2.0 EU procurement compliance**

2.1 The Head of Legal Services has identified a legal risk with this process. The risk has arisen following recent EU court decisions. The main risks surround the issues of the Council 'specifying works' over and above our normal planning policy requirements and the opportunities for building housing for sale not going to the wider market - therefore a risk of challenge from other housing providers and developers. The law regards this as the Council "procuring" works and the normal procurement rules therefore apply.

2.2 As a result we would need to go down an EU compliant tender process for these sites, offering the development opportunities to the wider open market but importantly still specifying our new and affordable housing requirements which will include: ensuring delivery of policy or above levels of affordable housing; improved housing mix to increase numbers of larger family homes; Extra Care housing for older people; increased levels of Lifetime Homes and disability units; opportunities to encourage downsizing to help tackle under occupation.

2.3 Evaluation of the tenders will follow scoring criteria that will consider how far the bid meets delivery of our housing specification, and also the capital receipt expectations.

2.4 Underpinning the process will be the requirement for the successful bidders to effect a start on site within a reasonable period to ensure the sites deliver new homes in the current inert housing market and are not land banked and stalled; thus ensuring the achievement of more New Homes Bonus to support Plymouth Growth Fund.

### 3.0 Site Packages

3.1 The sites included in this proposal are;

Site	Number of homes approx	Status
<b>Package 1</b>		
Former Ernesettle Community Centre	40	Cleared site
Maidstone Place Garage site	4	Cleared site
<b>Package 2</b>		
Former West Park Primary School	44	Cleared site
Former Southway Primary School	120	Cleared site Requires S77 consent to release playing fields
<b>Package 3</b>		
Former Woodlands and Hillside School	80	Cleared site
Former Whitleigh Youth Centre	4	Cleared site
Former Whitleigh Care Home	12	Building remains
<b>Package 4</b>		
Former Tamerton Vale School	120	Cleared site Requires S77 consent to release playing fields
Former Astor Centre	16	Cleared site
<b>Package 5</b>		
PLUSS	30	Building remains
<b>Estimated Totals</b>		
	<b>470 homes</b>	

3.2 There are ten sites across five packages and we have parcelled them up so that the more difficult low value sites get delivered too. No value is currently anticipated on three of the sites as they were originally earmarked for the Local Housing Company model at nil cost.

3.3 Each site will have a detailed specification of our housing and other requirements, including expected timescales for a start on site, supported by Site Planning Statements on the larger opportunities, to be delivered by the successful bidder. This process ensures we have an increased control over what development takes place and when, ensuring a range of new and affordable housing to meet our identified housing needs.

3.4 At the former Ernesettle Community Centre site we are proposing 40 units of Extra Care Housing for older people in line with our Older Person's Strategy /Adult Social Care plans. As part of our financial contribution to support this development we would need to dispose of the site at nil cost.

#### **4.0 Reprovision of Playing Pitches**

4.1 At the former Southway Primary School and the former Tamerton Vale School sites we will be seeking Section 77 consent from the Secretary of State to allow development on the associated playing pitches. When a school site becomes surplus to requirements either as a result of closure, amalgamation or consolidation, consideration must be given to the disposal, or change of use, of the playing fields that had been provided for it.

4.2 The Plymouth Playing Pitch Strategy forms a key evidence base for the Local Development Framework in relation to all policies and proposals relating to playing pitches. Plymouth City Council's Core Strategy Objective 15 (Delivering Community Well-being) – Policy CS30 aims to protect and improve the city's sport and leisure facilities through supporting the implementation of the city's Sports Plan 2020, the Sports Facility Strategy and the Playing Pitch Strategy so as to promote healthy and active lifestyles.

4.4 The policy makes clear the need to safeguard and improve the provision of playing fields in light of the fact that Plymouth as a whole was underprovided for. As a consequence any further erosion in provision was considered likely to be unacceptable. However, proposals to reconfigure provision through development could be acceptable provided always that such development led to substantial enhancement in the quality and distribution of playing pitches and sports facilities and improvements in accessibility for users

3.5 After consultation with Park Services and Culture, Sport and Leisure we have an internal consensus agreement that mitigation for the loss of school playing fields could be met with new facilities at Bond Street in Southway. Bond Street is a large area of open space, currently maintained by Park Services, that has accommodated football in the past. However, ground conditions and lack of changing facilities has left the site redundant.

3.6 We propose, subject to the feasibility report commissioned with the Sports Turf Research Institute (STRI) to enhance this site with drainage, levelling, car parking and changing rooms and to include a football pitch that was previously on the Southway Primary School site. This would then lend the whole site as a football community hub which had playing pitches of various dimension and would be suitable for a range of age groups from mini soccer through to adult football.

3.7 The Plymouth and West Devon Senior Football Combination League, the Devon Junior and Minor Football League, the Devon Football Association have all been consulted and each has given support. Sport England have also given their provisional support.

## **4.0 Financial Implications**

4.1 The disposal of earmarked Local Housing Company sites and former school and community centre sites will provide the city with a capital receipt, and also utilises more difficult development sites which have a low or nil land value; in consultation with Head of Capital and Assets with reference to the Capital receipt schedule expectations. There is also a potential additional receipt on three sites which are not currently budgeted for within the capital programme.

4.2 The funding environment and delivery mechanisms set out in the new Affordable Housing Framework require a more responsive and flexible approach if we are to secure investment to deliver much needed new homes. Reduced public expenditure will require a greater reliance on private sector funding and the use of Council land assets to enable delivery of homes we need to support housing and economic growth.

4.3 This use of city council land assets will lever in external funding and investment, and support new homes delivery in the current slow housing market. This will, in turn, generate and maximise New Homes Bonus to support the Growth Fund. It will also ensure the productive use and sale of our land, which currently is unlikely to progress within current housing market conditions.

4.4 It is proposed that the costs of providing the new playing pitches at Bond Street, as identified by the STRI report, and the associated changing facilities and car parking will be met from the additional capital receipts, over and above the amounts currently on the capital receipts schedule, from the whole school site disposals at Southway Primary School and Tamerton Vale Primary School, and any associated S106 contributions from enabling development.

## **5.0 Timetable**

Cabinet consider recommendation to sign off procurement process for named sites: 13<sup>th</sup> December  
Contract notice (advert of site packages): 16<sup>th</sup> January 2012 (subject to no call in)

Evaluation of tenders: 11<sup>th</sup> April 2012

Paper to Capital Delivery Board for consideration of tender offers: 20<sup>th</sup> April 2012

## **6.0 Decision required**

Cabinet is asked to;

Delegate authority to the Assistant Director Strategic Housing, in consultation with Portfolio Holder for Planning, Strategic Housing and Economic Development and Portfolio Holder for Finance, Property, People and Governance to dispose of the sites following a fully compliant EU Procurement process to support the delivery of new and affordable housing.