



Leader Decision (Accessible Housing & Resources portfolio)

Decision Date:	1 February 2023
Reference number:	FR01.23
Title:	Horns Lane, High Wycombe: Residential Development
Cabinet Member(s):	John Chilver, Cabinet Member for Accessible Housing & Resources
Contact officer:	Jo West, Property & Assets
Ward(s) affected:	Booker, Cressex & Castlefield (Councillors M Ayub, K Bates and M Hussain)
Recommendations:	<p>1. The Director of Property & Assets in consultation with the Cabinet Member for Accessible Housing and Resources is authorised to finalise and agree Heads of Terms in accordance with the preliminary terms detailed in the confidential appendices C1 & 2 which delivers 100% affordable housing whilst remaining compliant with S123 (Local Government Act 1972) obligations to gain best value from the disposal.</p> <p>2. The Director for Property and Assets in consultation with the Cabinet Member for Resources and Accessible Housing is authorised to dispose of the site to the agreed party who have confirmed a commitment to deliver 100% affordable homes.</p>
Reason for decision:	<p>Following receipt of outline Planning Consent for the site in October 2022, Property and Assets have been asked to seek options for the sale of the site that will secure the delivery of affordable and accessible housing at Horns Lane. This option realises both the Council's statutory obligations to achieve best value and the</p>

Council's corporate objectives to increase affordable housing provision beyond statutory levels.

1. Executive summary

- 1.1 The Council's corporate plan sets out an ambition to increase affordable housing beyond statutory levels on land owned by the Council. Horns Lane represents an opportunity to increase the amount of affordable housing beyond the 48% allocation included in the Outline Planning consent already achieved for the site.
- 1.2 Councils have an obligation to secure best value from asset disposals. This is set out in S.123 Local Government Act 1972. However, some discretion is given to Councils to dispose at an undervalue capped at £2m if value for money is recognised in another way e.g., by the provision of additional affordable housing. If the capital receipt is more than £2m undervalue, a Council would need to seek the approve of the Secretary of State.
- 1.3 The site was allocated for housing in the Wycombe Local Plan (Oct 2017). Since then, feasibility work has been undertaken to work up a suitable outline scheme that satisfies local planning policy.
- 1.4 A compliant outline planning application was granted for 50 units including 48% provision for affordable housing in October 2022.
- 1.5 A decision to dispose to the preferred bidder is now required following a period of marketing and review of the offers made.

2. Content of report

- 2.1 West Buckinghamshire Planning Committee approved the outline application for 50 units in October 2022.
- 2.2 The Council's affordable housing position statement, adopted by Cabinet in May 2022 states that: *The Council will identify at least one Council owned asset in Buckinghamshire on which to potentially deliver (subject to planning) affordable and key worker housing, possibly of a specialist nature. The sites identified to be assessed are:*
 1. *Stoke Mandeville former Sports and Social Club*
 2. *Horns Lane, High Wycombe*
 3. *Tatling End, Denham*

The recommended proposal will meet this commitment. The Council has recently agreed a disposal on another site at a discount to market value to also achieve this

aim. Furthermore, a recent agreement to forgo a premium for release of a covenant on land will also achieve additional affordable housing.

- 2.3 In consultation with Cabinet Members, it was agreed that the site should be marketed to both private developers and affordable housing providers who would be invited to submit bids based on 48% affordable housing provision or 100% affordable provision. This approach demonstrates the financial difference that an increase in affordable units makes. Residual land value tends to be lower for affordable versus private housing because affordable housing providers are “not for profit”, have lower financing costs, can attract grant funding from Homes England and have no sales risk.
- 2.4 This marketing exercise has now been completed. 18 offers were received, 5 of these were based on providing 100% affordable units on the site. Details of the offers are set out in the confidential appendix C3.
- 2.5 It is proposed that the offer providing the best capital receipt while offering 100% affordable housing is accepted. This offer realises a capital receipt only 6% lower than the highest offer providing only 48% affordable housing. It is therefore considered compliant with the S123 obligation to achieve best value from the disposal. Officers have also received a report from the agents confirming their opinion that this option realises best value. This approach demonstrates the financial difference that an increase in affordable units makes. Proposed heads of terms relating to the conditions of sale are set out in the confidential appendix C4. Further information about the bid obtained after the initial offer is included at confidential appendix C5.

3. Options considered

- 3.1 Option One – Dispose of site to a developer who is prepared to work with an Affordable Housing provider to deliver 100% affordable units or to a developer who will offer a planning compliant scheme (i.e. with 48% affordable housing)– This is the recommended option.

Formal marketing has been undertaken with both private developers and affordable housing developers being approached. These developers included Consilio (the Council’s arm’s length property company) and Norse who had previously suggested they would be prepared to develop an environmentally sustainable project. Norse ultimately declined to offer.

Bidders were asked to submit best and final offers for a housing scheme providing planning compliant numbers but also offers for schemes with additional affordable housing i.e. between 48% and 100%. Offers lower than market value, to the

statutory maximum of £2m lower, needed to clearly identify the additional Affordable Housing that their offer provides.

If option one is pursued, and the offer received accepted, exchange of contracts is anticipated in 8 weeks with completion shortly thereafter i.e., capital receipt by the end of this financial year.

The offer that it is proposed is accepted is found in Confidential Appendices C2. This offer realises the Council's ambition for maximum affordable housing on Council owned sites whilst benefitting from a Capital Receipt only 6% lower than schemes with less affordable units.

3.2 Option Two – Under sell site to Consilio for development – This is not the recommended option. Consilio were invited to bid through the marketing process.

Consilio entered a joint bid for the site with a developer, but it was significantly less than the offer which is proposed for acceptance and was not unconditional. This would therefore not meet our requirement to achieve best value.

3.3 Option Three – Do nothing

The Council's requirement to obtain best value and the requirements to provide housing mean that this option has been discounted.

4. Legal and financial implications

4.1 Financial:

There is no current tenant so there is no loss of rental income.

The current sum spent to date on this project (surveys, planning etc. excluding Officer time) is £138,125. This is revenue spending which has already occurred and is not recoverable.

A capital receipt of £4.75m has been budgeted for in the Council's Medium Term Financial Plan. The value of the offer is in excess of this, and the additional funding will help to de-risk the overall MTFP Capital Receipts target to be delivered during the next 5 years.

4.2 Legal:

The legal implications for the Options referenced in this report are as follows:

Under its duty under Section 123 of the Local Government Act 1972 the Council would need to obtain best consideration, which means accepting the best offer put forward by a developer in terms of value. However as set out in this report there are circumstances where a capital receipt can be agreed at less than £2m undervalue.

A consideration with this option will be the Best Value obligations required by S.123 of the Local Government Act 1972, which caps the amount a Council can undersell the site to a maximum amount of £2m. Any greater discount would need to be subject to the Secretary of State approval. It is proposed that the amount of the discount would be capped at £2m as a Council decision and would be for Social, Economic and Wellbeing reasons (i.e. to provide more than 48% affordable housing).

Legal are advising on the draft contracts, the latest version is attached in appendix C1. There are minor points still to be finalised where indicated but exchange is expected by end of January 2023 subject to approval.

5. Corporate implications

- a) Property - if the site was re-let for grazing there would be a minor increase (circa £895 pa) in revenue income, but the capital receipt would be of more benefit to budget funds.

This proposal aligns with the Council's objectives to provide "access to quality, safe, sustainable homes....and improve quality of lives for everyone in our communities". It also contributes towards the "Gross Income from Property" targets.

The Annual Report (2021-2022) refers to the challenge of "building more affordable homes now and for future generations", this proposal contributes towards alleviating this challenge.

- b) HR - none
- c) Climate change – planning would ensure policy compliant construction. Appropriate ecological mitigation has been allowed for in the application
- d) Sustainability – As above
- e) Equality (does this decision require an equality impact assessment) – N/A
- f) Data (does this decision require a data protection impact assessment) – N/A
- g) Value for money – Option one provides best value for money for the Council.

6. Local councillors & community boards consultation & views

- 6.1 Local Members have been consulted (12th October 2022) on this proposal. Councillor Bates has commented that: "This seems a good move to me. However, I worry that 'affordable' may still not bring them into the grasp of many local people. But definitely a step in the right direction."

6.2 Other Local Councillors have offered no counter views or comments. Previous local members (i.e. those in post prior to the last election) objected to the original planning proposal, these objections were noted at Planning Committee but did not affect the outcome.

7. Communication, engagement & further consultation

7.1 During the planning application process, community engagement was undertaken under direction from a professional PR consultancy and in consultation with the Council's Communications team.

8. Next steps and review

8.1 Assuming Cabinet Members approve the recommendation to accept the offer outlined in the confidential appendices C2, the conveyance process will be completed, and capital receipted within this financial year.

9. Background papers

9.1 None

10. Your questions and views (for key decisions)

10.1 If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team at democracy@buckinghamshire.gov.uk.

