

EXECUTIVE BOARD DECISION



REPORT OF: Executive Member for Growth and Development

LEAD OFFICERS: Director of Growth & Development

DATE: Thursday, 12 March 2020

PORTFOLIO(S) AFFECTED: Growth and Development

WARD/S AFFECTED: Blackburn South East;

KEY DECISION: Y

SUBJECT:

Fishmoor Drive Land Disposal

1. EXECUTIVE SUMMARY

1.1 The Fishmoor Drive area is part of the South East Blackburn Housing Zone (designation granted by Homes England) and is seen as an important growth area that can yield a large number of new homes to meet the Council's needs and aspiration.

1.2 During 2018 the Council granted an exclusivity period to Together Housing and their joint venture partner Countryside Homes (the JV) to develop proposals for building new homes of mixed tenure and type on four housing sites in the Fishmoor Drive area.

1.3 The JV working with the Council have carried out a large number of intrusive surveys and technical assessments on three development sites within the area, two of these sites are in Council ownership and one is owned by Together Housing. These surveys and assessments have been used to prepare development proposals to build around 400 new family homes for sale and rent on the three.

1.4 As part of the due diligence the JV has also looked at and considered opportunities to enhance the local infrastructure, public open space and pedestrian walkways that will benefit existing and new residents in the area.

1.5 The JV has now provided scheme proposals for three of the sites in the area, presented a land offer for the two Council owned sites and prepared a programme of development subject to approvals from the respective boards

2. RECOMMENDATIONS

That the Executive Board:

2.1 Notes the development proposals prepared by the Together Housing Association and Countryside Properties Joint Venture (JV)

2.2 Notes the financial offer outlined in the Part 2 report for the two Council owned sites at Fishmoor Drive and Roman Road

2.3 Grants approval to appoint Together Housing and Countryside Homes as preferred developer to initiate the planning and subsequent development programme

2.4 Authorise Council officers to negotiate Heads of Terms to finalise the terms of the disposal

2.5 Delegates authority to conclude negotiations, including terms of any land sale and contracts to the Director of Growth and Development and Growth Programme Director in consultation with the Executive Members for Resources and Finance and Governance, Growth and Development to approve the final heads of terms.

2.6 Authorises the Director of HR, Legal and Governance to complete the necessary legal formalities.

3. BACKGROUND

3.1 The Fishmoor Drive area is part of the South East Blackburn Housing Zone (designation granted by Homes England) and is seen as an important growth area that can yield a large number of new homes to meet the Council's needs and aspiration.

3.2 The Council granted an exclusivity period (*EMD report – Exclusivity Agreement for land at Fishmoor Drive, south-east Blackburn dated April 2018*) to Together Housing and their joint venture partner Countryside Homes (the JV) to develop proposals for building new homes of mixed tenure and type on four housing sites in the Fishmoor Drive area. One of the sites is a previous clearance area in Together Housing's ownership whilst the remaining three sites are in Council ownership.

- The four sites are:
- Site 1 – land north of Fishmoor Drive (circa 5.2Ha), owned by Together Housing
- Site 2 – land south of Fishmoor Drive (Circa 1.7Ha), 1.3Ha in BwD ownership and 0.4Ha THA
- Site 3 – land off Roman Road (Circa 3.9Ha), owned by the Council
- Site 4 – land bottom end of Fishmoor Drive (Circa 8.7Ha), owned by the Council.

3.3 Plans are now developed to a level where the JV has provided detailed scheme layouts for sites 1, 2 and 3 and is ready to submit a formal planning application for the three sites.

3.4 Aligned to this work the JV has considered opportunities to enhance the local infrastructure, public open space and pedestrian walkways to create better connectivity between the existing and new homes.

3.5 The JV partners are keen to work with the Council in delivering a bespoke housing offer that will help regeneration of the Fishmoor area through the provision of new house types and tenure to meet local need and attract new residents to the area.

4. KEY ISSUES & RISKS

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4.1 Council officers have been working closely with Together Housing and Countryside Homes to develop proposals to provide family homes for new and existing residents to buy or rent.

4.2 Emerging proposals are as follows:

- Site 1 land totalling 5.2 hectares north of Fishmoor Drive, the site is owned by Together Housing and is planned to provide 200 new homes for sale, Private rent and affordable rent.
- Site 2 land totalling 1.7 hectares south of Fishmoor Drive, the site is part Council owned and part Together Housing owned and will provide 69 new homes for private rent.
- Site 3 land totalling 3.9 hectares off Roman Road, owned by the Council. This site is planned to provide around 123 new homes for open market sale and affordable shared ownership.
- Site 4 land totalling 8.7 hectares southerly end of Fishmoor Drive owned by the Council. Plans for this site will be developed at a later stage following development of the first three sites. The JV will be granted exclusivity for this site for an agreed period of time whilst development is progressed on the first three sites.

4.3 All the affordable homes will be owned and managed by Together Housing. The private rented properties will be owned and managed by SIGMA GROUP PLC (one of the largest Private rental providers across the Country). Countryside Homes will market all homes for sale.

4.4 Alongside the new developments it is planned to carry out some enhancements to the local environment and public realm. This is likely to include new street crossings on Fishmoor Drive and Roman Road, re-modelling existing open space to provide better connectivity and usability and provide a quality play area for local residents.

4.5 The JV has carried out a full appraisal of the three developments which has been used to calculate a land value for the Council owned sites which will be exclusive of any S106 contributions required by the Council. The final land offer will also be subject to any further changes to the schemes emerging from the formal planning application.

4.6 The land value is likely to be reduced if any S106 requirements is imposed on the developments through the planning process such as education contribution, POS and highways works etc. There will be no requirement for affordable homes as the proposal provides an appropriate number of affordable homes on site. The JV will also pay the Council's surveyor's fees and legal costs. The sale will be subject to full planning approval, transfer of reasonable title and collateral warranties on any surveys carried out by the Council. The JV plan to submit a planning application following Council Board approval for the land sale.

4.7 All new homes developed will be in line with the Borough's need and aspiration for growth. New homes will contribute to the MTFs by way of Council Tax income and New Homes Bonus. New developments will bring in additional investment and new jobs to the Borough

5. POLICY IMPLICATIONS

- 5.1 The proposed residential developments will:
Support delivery of new homes in line with the Local Plan, the Council's 2030 Vision and the Council's Corporate Plan.
- 5.2 Disposal of the sites will be in accordance with the Council's Disposal Policy and the approved Housing Toolkit.

6. FINANCIAL IMPLICATIONS

- 6.1 The Council will receive a capital receipt from the sale of the two council owned sites (part site 2 and site 3). The value will be subject to final scheme proposals and the extent of abnormalities.

6.2 Initial proposals for the proposed developments outline around 400 new homes being built on the three sites

6.3 All new homes will contribute to the MTFs by way of Council Tax income and New Homes Bonus (if the latter is still available at the date of completion).

7 LEGAL IMPLICATIONS

7.1 The disposal of the site is in line with the Council's disposal policy and is supported by technical input from legal.

7.2 The Council will still need to ensure the proffered consideration is achieving best consideration reasonably obtainable in disposal of land as part of any contractual agreements with developers. It should be emphasised that best value is the overall value of the site to a ready, willing and able buyer and so factors such as possible s106 contributions are considered part of that global figure

7.3 The Council will look to safeguard its interests in ensuring that the land is developed in line with its future revenue benefit projections by agreeing a build programme with the developer which complies with any procurement law.

7.4 Final Heads of Terms for the sale of the land and the completion of contractual terms will be presented to the Executive Members for Resources and Regeneration for approval. It is recommended that Head of Legal Services comments on the early drafts of heads of terms to try and ensure the terms can be legally agreed between parties in a time and cost efficient manner.

7.5 There may be several additional legal activities required in order to dispose of the Council sites which may require separate approvals.

8 RESOURCE IMPLICATIONS

8.1 The Growth team will lead on detailed negotiations. Legal resources will be required to support the preparation and discharge of the agreements.

8.2 Additional support will be required from Capita Property to carry out scheme assessments, viability appraisals and preparation of Heads of Terms

9 EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below.

Option 1 Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision.

Option 3 In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision.

10 CONSULTATIONS

The Council has carried out a Housing and Economic Needs Assessment for the Borough and has an adopted Local Plan which is currently being refreshed.

These have outlined housing demand and type; further consultation will be carried out with local residents during the planning process for the developments.

11 STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12 DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

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| CONTACT OFFICER: | Subhan Ali, subhan.ali@blackburn.gov.uk |
| DATE: | |
| BACKGROUND PAPER: | EMD report – Exclusivity Agreement for land at Fishmoor Drive, south-east Blackburn dated April 2018 |