



## ASSETS, REGENERATION & GROWTH COMMITTEE

16<sup>th</sup> March 2015

<b>Title</b>	<b>BARNET DEVELOPMENT PIPELINE – TRANCH 1</b>
<b>Report of</b>	Director of Place (Re), Stephen McDonald
<b>Wards</b>	Edgware, Underhill and Hale Wards
<b>Status</b>	Public with an exempt Appendix
<b>Enclosures</b>	Appendix A –Land adjoining Northway/Fairway School Appendix B –Land adjoining Broadfields School Appendix C –Land adjoining Whittings Hills School Appendix D not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 as amended.
<b>Officer Contact Details</b>	Stephen McDonald, Director of Place (Re) <a href="mailto:Stephen.McDonald@barnet.gov.uk">Stephen.McDonald@barnet.gov.uk</a> 0208359 7607 Abid Arai, Development Programme Director (Re) <a href="mailto:Abid.Arai@barnet.gov.uk">Abid.Arai@barnet.gov.uk</a> 0208359 4980

## Summary

The Assets, Regeneration and Growth Committee approved at its meeting on 9 July 2014 the approach to, and the principles underpinning, the creation of a Development Pipeline, and that an initial list of potential development options and projects be tabled at the September Committee.

The Committee further approved at its meeting on 8 September 2014 that following consultation with Ward Members the potential development opportunities at Broadfields, Whittings Hill, Northway/Fairway, Coppetts Road and Moxon Street can be taken forward to planning.

The Committee noted that a further report will be presented with specific recommendations for the development options to take forward each of these schemes; the Development options are outlined in the body of the report.

The report also establishes the principal for taking forward these sites including Coppetts Road and Moxon Street to be reported to a future committee with a detailed business case outlining the preferred development option.

## **Recommendations**

**That the Committee approves the following;**

- 1. To agree in principle to take forward the development opportunities at Broadfields, Whittings Hill, Northway/Fairway, with Coppetts Road and Moxon Street to follow;**
- 2. To report back to the committee in June with the preferred development option, and funding route for all five sites**

### **1. WHY THIS REPORT IS NEEDED**

- 1.1** The Report seeks the Assets, Regeneration and Growth Committee's approval to progress the development opportunities at Broadfields, Whittings Hill, and Northway/Fairway to deliver the proposed mix of 116 Private units and 77 Affordable on a policy compliant basis.
- 1.2** The Council may secure additional value for its land by taking forward the sites to planning once Committee approval is given.
- 1.3** The table below outlines the split across each of the three sites:

Site	Private	Affordable	Social Rent
Broadfields	51	12	22
Whittings Hill	16	4	7
Northway/Fairway	49	13	19
Total	116	29	48

### **2. REASONS FOR RECOMMENDATIONS#**

- 2.1** The recommended sites are the first to be put forward out of a pipeline of surplus sites. Disposal of these sites as-is has been considered. However, taking the sites through to planning consent eliminates the planning risk associated with the acquisition of these sites, therefore materially increasing the disposal value.
- 2.2** The proposed residential schemes have been designed following market research identifying local market trends and demand. In taking forward the sites to planning a number of variables have been considered in designing the scheme, notably:
  - The range of housing typologies (houses, flats)
  - The types of tenure (private-for-sale, affordable-for-rent and shared ownership)

- The distribution of housing types and tenures across the portfolio of sites.

**2.3** These variables have been considered in conjunction with planning and housing policy guidelines to ensure that the Council's housing and planning objectives are being fully achieved at the same time as the Council maximises the value from each site.

**2.4** In order to maximise the potential value of these sites, the Council has three options to consider; the table below outlines the potential advantages and risk to be mitigated of each option and these will be referred back to committee in June

**Option 1:** Market sites for Residential development with the benefit of planning consent

**Option 2:** London Borough of Barnet develop the sites

**Option 3:** London Borough of Barnet enter into joint venture with Re and/or another development partner

Options	Advantages	Risks to be mitigated
Option 1	<ul style="list-style-type: none"> <li>• LBB establishes and controls the development standards, through the planning process</li> <li>• Surveys undertaken through the planning process will identify any risks which would impact land value received on the open sale</li> <li>• Enhanced Capital Receipt in 2015</li> </ul>	<ul style="list-style-type: none"> <li>• Limited control as to when the scheme is delivered (3-5 years) (i.e. deal subject to planning)</li> <li>• The imposed standards will affect the offer value from a third party</li> <li>• Development Profit still retained by private sector</li> </ul>
Option 2	<ul style="list-style-type: none"> <li>• Complete control of housing mix, through planning process and agreed design standards</li> <li>• LBB control speed of development and construction</li> <li>• LBB benefits from sales receipts</li> <li>• LBB control development standards</li> <li>• LBB control sales and marketing process</li> <li>• Enhanced capital receipt circa 2018</li> <li>• Element of affordable housing will become capital asset</li> <li>• Council retain full development value created</li> </ul>	<ul style="list-style-type: none"> <li>• Appropriate delivery vehicle to take developments forward needs to be considered to take this option forward</li> <li>• Construction risk (i.e. increase in costs)</li> <li>• Sales risk- change in market trends &amp; demand (i.e. values)</li> <li>• Perception/reputation- LBB as private house builder (branding)</li> <li>• Funding (LBB to underwrite full development costs)</li> <li>• Marketing risk</li> <li>• Phased capital return</li> </ul>
Option 3	<ul style="list-style-type: none"> <li>• Complete control of housing mix, through planning</li> <li>• LBB control speed of development and construction</li> <li>• LBB benefits from sales receipts</li> <li>• LBB control development standards</li> <li>• LBB control sales and marketing process</li> <li>• Enhanced capital receipt circa 2018</li> <li>• Element of affordable housing will become</li> </ul>	<ul style="list-style-type: none"> <li>• Appropriate delivery vehicle to take developments forward needs to be considered to take this option forward</li> <li>• Construction risk (i.e. increase in costs)</li> <li>• Sales Risk- change in market trends &amp; demand (i.e. values)</li> <li>• Perception/reputation- LBB as private house builder (branding)</li> <li>• Funding (LBB to underwrite full development costs)</li> </ul>

	capital asset • Sharing delivery and financial risk	• Phased capital return • Marketing risk • Sharing profit and reward
--	--	--

2.5 The financial terms are set out in the Outline Business case (**Appendix D**) and is exempt from this report.

**Key benefits by taking forward the development are;**

- The Council benefits from economic growth ensuring that the Borough remains an attractive place to live whilst contributing towards its housing objectives
- The proposed residential developments represent an opportunity to create high quality new Housing
- Promoting high quality architecture and design
- Opportunity to create a variety of housing tenures and new products i.e. Home buy/First buy
- Achieving high standards of sustainable development i.e. Life time Homes/Bream/code level 4
- Meeting the housing needs of the residents
- Generating funding i.e. Council Tax, New Homes Bonus, S106/Cil for local infrastructure and service improvements
- By taking the direct development route the Council benefit from the value uplift
- Creation of Employment and training opportunities targeted at Barnet's disadvantaged groups, unemployed etc
- Creating opportunities to design out crime and improve community cohesion i.e. secure by design
- High quality amenity areas, i.e. play and recreational facilities

### **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1** The recommended five sites are the first to be put forward out of a pipeline of surplus sites. Three of the five initial sites are the subject matter of this report and the other sites identified will be reported on separately
- 3.2** These sites have been declared surplus to requirements and received Section 77 & 35a consent from the Department of Education to permit disposal of the sites. These sites were released from education use in 2007.
- 3.3** Continuing to hold the sites in their exiting condition could result in unlawful occupation, management costs in maintaining security and fails to realise the value of the land which will assist in delivering other corporate objectives. The development of these sites for residential purposes will provide much needed accommodation in the Borough.

#### **4. POST DECISION IMPLEMENTATION**

- 4.1** Following approval, a detailed business case will be submitted to committee seeking a recommendation of the preferred development option and funding route

#### **5. IMPLICATIONS OF DECISION**

##### **5.1 Corporate Priorities and Performance**

- 5.1.1 The Corporate Plan 2013-16 has a strategic objective to “promote responsible growth, development and success across the Borough”.
- 5.1.2 The Council’s Estates Strategy 2011 – 2015 sets out our commitment to continually review the use of Council Assets so as to reduce the cost of accommodation year on year.
- 5.1.3 Consideration of the proposed Strategic Asset Management Plan is also being considered by Assets Regeneration and Growth Committee, which if approved will form the basis of decisions for the council’s property portfolio.
- 5.1.4 The Growth Strategy for Barnet recognised that growth is vital for ensuring the future prosperity of the Borough and maintain Barnet as a successful London suburb.
- 5.1.5 The Council’s Local Plan adopted in 2012 sets out a 15 year ‘vision’ to help shape the kind of place that Barnet will be in the future. It supports the delivery of new homes including affordable dwellings and the use of brownfield land for high quality and sustainable suburban development.
- 5.1.6 The Council’s Housing Strategy, agreed in 2010 has the overarching objective of providing housing choices that meet the needs and aspirations of Barnet residents and sets out how the Council will deal with a number of challenges including high prices, a shortage of affordable housing and the potential threats to the qualities that make the Borough attractive.
- 5.1.7 It identifies a number of core objectives including increasing housing supply, including family sized homes to improve the range of housing available to residents, promoting mixed communities and maximising opportunities available for those wishing to own their home.
- 5.1.8 The Council is developing a new draft Housing Strategy which is currently out to consultation and reinforces a number of these key aims.

##### **5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

- 5.2.1 Financing the expenditure to obtain planning or develop the sites would depend on the option chosen and the specifics of each scheme but could include land receipts, receipts from private sales, HRA reserves and usable

right to buy receipts. The income from the schemes would similarly be dependant on the option chosen.

## **Programme**

The proposed planning timeline to incorporate (A-D below) across all three sites is scheduled within 2015.

- a. Planning Submission
- b. Planning Consultation (13 weeks)
- c. Planning Committee
- d. Judicial Review (6 weeks)

It is anticipated that should the Council decide on either option 2 or 3 in the table above, the project delivery programme is likely to be three years on the basis of a phased development across the three sites. Capital receipts are anticipated as below;

- Option 1 enhanced capital receipt estimated 2015/16
- Option 2 enhanced capital receipt estimated 2017/18
- Option 3 enhanced capital receipt estimated 2017/18

## **5.3 Legal and Constitutional References**

- 5.3.1 Council Constitution, Responsibility for Functions, Annex A – The Assets, Regeneration and Growth Committee has responsibility for “Asset Management – all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council and the approval of non-statutory plans that concern asset management matters
- 5.3.2 Section 2.8 of The Management of Assets, Property and Land Rules, contained in the Council's constitution states that the “Strategic Asset Management Plan will govern decisions on the future direction and development of the Council's Built Environment” and Section 2.9 (i) provides “An Annual Work Plan will govern decisions on whether to dispose of an Asset for purposes in accordance with the Corporate Plan objectives”
- 5.3.3 Local authorities are given the general power under Section 123 of the Local Government Act 1972 (as amended) to dispose of land held by them in any manner they wish. The only constraint is that, except with the consent of the Secretary of State, a council cannot dispose of land, other than for the grant or assignment of a lease not exceeding seven years, for a consideration less than best that can reasonably be obtained.
- 5.3.4 Council Constitution, The Management of Asset, Property and Land Rules, Appendix 2, Table B sets out the acceptance thresholds which provides authority for the action. Financial arrangements in excess of £100,000 must be approved by Assets, Regeneration and Growth Committee.

## **5.4 Risk Management**

- 5.4.1 Retaining these sites while the Council undertakes outline design and

planning submission subjects the Council to increased market risk. The current housing market is strong and the Council would get considerable market interest should it seek to dispose of these sites as is. However, if the Council were to dispose of these sites for maximum value now, the contract would be subject to planning, and therefore the price would reflect that uncertainty. By undertaking the planning itself, the Council and Re are best placed to manage this risk and capture the value uplift.

- 5.4.2 Seeking planning consent for fewer units on the site could be considered. However, this would result in disproportionate infrastructure costs and a higher overall cost per unit.
- 5.4.3 Continuing to hold the sites in their existing condition could result in unlawful occupation, management costs in maintaining security and fails to realise the value of the land which will assist in delivering other corporate objectives. The development of these sites for affordable residential purposes will provide much needed accommodation in the Borough.
- 5.4.4 The returns from each development will be reflective of the level of risk that the Authority finds acceptable to take; the development.

## **5.5 Equalities and Diversity**

- 5.5.1 Under the Equality Act 2010, the Council must have due regard to the need to: a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; b) advance equality of opportunity between those with a protected characteristic and those without; c) promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are; age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation. It also covers marriage and civil partnership with regards to eliminating discrimination.
- 5.5.2 The Council is committed to improving the quality of life for all and wider participation in the economic, educational, cultural, social, and community life in the Borough.
- 5.5.3 The development proposals will make significant contribution to the provision of additional, high quality affordable housing in the Borough as well as promoting construction jobs in the borough.
- 5.5.4 At this stage the proposal does not raise any issues under the Council's Equalities Policy and does not have a bearing on the Council's ability to demonstrate that it has paid due regard to equalities as required by the legislation. No immediate equality impacts are anticipated as a result of this proposal.
- 5.5.5 The new affordable housing units should the Council decide on the development route will be let in accordance with the council's housing allocations scheme which was subject to a full equalities impact assessment

to ensure it does not disadvantage any households on the basis of ethnicity, faith, gender, disability or sexual orientation or age.

## **5.6 Consultation and Engagement**

- 5.6.1 In progressing options for the 3 sites, local Ward members and the each of the adjoining schools have been fully briefed and their views sought on the development proposals. Key issues raised concerned traffic and parking implications, mix of accommodation and density, affordable housing, open space provision, trees, impact on existing neighbouring amenity and overlooking of school grounds. These issues are being considered as part of the design process.
- 5.6.2 Public exhibitions will be held at the respective schools which give the local communities surrounding each site the opportunity to view the proposals and provide comment in advance of the planning application submission.
- 5.6.3 When the applications are formally submitted to the Local Planning Authority further consultation will be carried out as part of the statutory planning process.

## **6. BACKGROUND PAPERS**

Assets Regeneration and Growth Committee, 9 July 2014, Strategic Asset Management Plan

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7960&Ver=4> .

Assets Regeneration and Growth Committee, 8 September 2014,

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7885&Ver=4>