

	<h2>Assets, Regeneration & Growth Committee</h2> <h3>8 September 2014</h3>
Title	Barnet Development Pipeline
Report of	Director of Place (Re), Stephen McDonald
Wards	Edgware, Hale, High Barnet, Coppetts.
Status	Public
Enclosures	Site plans. Appendix A - Appendix E
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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 report proposes the first five sites, including a mix of large and small sites, out of a pipeline of around 50 surplus sites with potential for housing development. These are:

- Land adjacent to Broadfields, Northway/ Fairway and Whittings Hill schools.
- Land at Moxon Street High Barnet.
- Land at Coppetts Close, Finchley

It is further recommended that the Assets Regeneration and Growth Committee approve these sites to be taken forward for planning, following consultation with Ward Members. In seeking to obtain planning consent the Council can optimise its planning and housing policy objectives rather than rely on the planning process to achieve these having

disposed of its sites to a third party developer.

Specific recommendations for the development model to take forward each of these schemes are being worked up and which will be presented to the Assets, Regeneration and Growth Committee in due course. Informing the choice of development model is recognition of the potential benefits available to the Council from undertaking direct development. In disposing of a site as-is the Council would typically receive around 25-30% of the developable value of the site. By developing sites itself the Council can capture the full development benefit.

Further work is also being undertaken to review and revise the remaining pipeline of surplus land and further sites identified to take forward for planning and potential development. These will be subject to future reports to Committee.

Recommendations

- 1. That the Committee approve that consultation with Ward Members on the potential development opportunities at Broadfields, Whitings Hill, Northway/Fairway Moxon Street, and Coppetts Road as outlined in red on the diagrams at Appendices A-E, be taken forward.**
- 2. Following consultation with Ward members, further consultation with residents is undertaken prior to the submission of a planning application.**
- 3. That the Committee note that a further report will be presented to a future meeting recommending the next tranche of surplus sites suitable for taking forward for planning and/or development.**

1. WHY THIS REPORT IS NEEDED

- 1.1 The 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 presented to the September Committee meeting for consideration.
- 1.2 This report seeks further authority for the Council to take forward specified sites to obtain planning permission for housing development.

2. REASONS FOR RECOMMENDATIONS

- 2.1.1 In order to maximise the potential value of these sites, whatever disposal or development route the Council chooses at a future date, it has significantly increased value in relation to these sites; particularly as obtaining a planning consent eliminates one of the major risk elements that discount the price received on the disposal of land unconditionally to a third party developer. In taking forward the sites for planning a number of variables will be 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.

These variables will be considered in conjunction with the design and pre-application process 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.

2.1.2 Five sites have been selected accordingly:

- Land adjacent to Broadfields, Northway/ Fairway and Whittings Hill schools. 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, with a view to selling them to fund the rebuilding of the adjoining schools. Due to the weak market the sites were not sold and the schools were rebuilt using borrowing. It is now proposed to maximise receipts, which are needed to repay the borrowing, by securing planning on the sites. Despite the pressure on school places, these sites are not currently deemed suitable for providing additional educational capacity because of the impact on the adjoining schools and local residents. Subject to planning, our current assessment suggests that these sites could accommodate over 200 new homes.
- Moxon Street High Barnet. The site is surplus to operational requirements. It is currently leased to a commercial operator who is holding over under a lease that has expired. Subject to planning, the estimated capacity on that site is around 10 homes. At the same time, we will also look to enter into negotiations with the adjoining land owner to assemble a more valuable development opportunity.
- Land at Coppetts Road, Finchley. The recommendations will allow the Council to consider opportunities for the site which formerly housed a community building occupied by the Somali Bravenese community, which was destroyed by fire in 2013. This will be subject to the re-provision of a community facility in an alternative location which is currently being investigated.

2.1.4 The recommendation will allow the council to take forward for development the sites in a way that is fully consistent with the Council's planning and housing policy objectives including 40% affordable housing, at the same time as facilitating the maximum financial return from these sites. The following illustration exemplifies the point should the Council decide to develop sites on its own account.

Sample Site
(based on a the Council undertaking direct development)

Scheme capacity:	100 units	(assuming 60% market/40% affordable)
Land value	£6.7m	(as per District Valuer valuation)
Benefits created through direct development:		
Additional capital value from development	£9.4m	
Retained value from shared ownership	£0.7m	(25% ownership retention)
Revenue stream p.a. from affordable housing	£0.4m*	

* NB: rent can be capitalised to create an added benefit of £5.3m (assuming 7% discount rate)

In this example directly developing its own site has increased the potential benefit to the Council by over £10m (150% increase), plus provide an annual revenue stream. However, with additional return comes additional risk. In assessing whether to take surplus sites forward for direct development, a full risk assessment will be undertaken and reported to the Committee at a future meeting.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 The five recommended sites are the first to be put forward out of a pipeline of surplus sites under ongoing review.
- 3.2 Disposal of the first five sites as-is has been considered. However, taking the sites through to planning consent eliminates planning risk associated with the acquisition of these sites by a would-be developer (should the Council subsequently decide to dispose of these sites) and therefore significantly increases the disposal value.
- 3.3 Each site will be subject to an options appraisal. A report will be presented to a future meeting of the Committee that will compare the financial and other benefits from disposing of the sites with planning consent at that point compared to taking them forward for direct development (including in a joint venture with a suitable third party developer).
- 3.4 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 residential purposes will provide much needed accommodation in the Borough.

4. POST DECISION IMPLEMENTATION

- 4.1 The Council will enter into pre-application discussions on suitable designs for each of the five sites, which will include consultation with Ward members and local residents.

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.

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

- 5.2.1 The development pipeline will support both the ability of the Council to generate income to meet the budget gap, and generate additional capital receipts for use on future capital projects.

5.2 Legal and Constitutional References

- 5.2.1 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.”
- 5.2.2 Council Constitution, The Management of Assets, Property and Land Rules, Section 2.8 states that the “Strategic Asset Management Plan will govern decisions on the future direction and development of the Council’s Built Environment” and “An Annual Work Plan will govern decisions on whether to:
i) dispose 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.
- 5.2.3 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.
- 5.2.4 Council Constitution, Responsibility for Functions – sets out the terms of reference of the Assets, Regeneration and Growth Committee which includes “Asset Management – all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council”.

5.3 Risk Management

5.3.1 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 likely 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. The Council will seek to mitigate the risk by taking forward the sites for planning once Committee approval is given; and therefore should submit its plans for consideration by the Planning Committee in spring 2015.

5.4 Equalities and Diversity

5.4.1 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.

5.4.2 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. It is not considered that the proposals in this report

5.5 Consultation and Engagement

5.5.1 None to date. Consultation with Ward Members will form part of the next stage in the process, and in accordance with best practice consultation with the local community will form part of the development process, prior to submission of planning applications.

6. BACKGROUND PAPERS

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

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