

Meeting:	Cabinet	Date:	11 March 2020
Subject:	Plot 1, Kings Quarter Redevelopment		
Report Of:	Cabinet Member for Environment		
Wards Affected:	Westgate		
Key Decision:	No	Budget/Policy Framework:	No
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Appendices:	1. Location Plan		
	2. Elevations		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 To approve the marketing and subsequent disposal of the site identified as Plot 1 in the Kings Quarter Planning Application (18/01454/FUL) for affordable homes.

2.0 Recommendations

- 2.1 Cabinet is asked to **RESOLVE** that:

- (1) the marketing and disposal of the site identified as Plot 1 in the Kings Quarter Planning Application (18/01454/FUL) for affordable homes be approved
- (2) authority be delegated to the Head of Place, in consultation with the Cabinet Member for Environment and Head of Policy and Resources to accept the offer that represents best value for development for affordable homes.
- (3) authority be delegated to the Head of Place in consultation with the Cabinet Member for Environment and the Council Solicitor to prepare and agree the terms of the disposal documents

3.0 Background

- 3.1 The hybrid planning application relating to the development of Kings Quarter (18/01454/FUL) is due for determination at Planning Committee on 3rd March 2020 and identifies proposals for four development plots as well as Kings Square.
- 3.2 Cabinet will be aware of the discussions regarding the redevelopment of Kings Square and plots 2, 3 and 4 with the latter discussed elsewhere on the agenda.
- 3.3 This Report relates to Plot 1, a city council owned site running north along Spread Eagle Road to the junction with Northgate Street and comprises 25 housing units and 73.65 m² of commercial space. See attached location plan and elevations. Full details of the sought planning consent can be found at <http://glcstrplnng12.co.uk/online-applications/applicationDetails.do?activeTab=externalDocuments&keyVal=PJOIHBHM0L600>
- 3.4 The current planning application includes a total of 156 new homes across the redevelopment site whereas the accepted Viability Assessment for the scheme identifies that the provision of policy compliant affordable homes i.e. 25%, cannot be achieved via a s106 agreement.

3.5 However, as owner of Plot 1, the City Council is in a position to secure affordable homes by restricting the use of the site for that purpose and accepting a reduced receipt albeit one that results in best value for this use of the site.

4.0 Social Value Considerations

4.1 By marketing and disposing of the site for the construction of 25 new affordable homes, the Council is directly addressing the need for suitable accommodation across the City as established within the recently adopting Housing and Homelessness Strategy.

4.2 In addition, the development will support the delivery of a number of social value outcomes including:

- More local people engaged in skills development and apprenticeships via an Employment and Skills Plan to be agreed with the successful developer
- Social value embedded in the supply chain for construction
- Creating better places to live and work through the re-use of derelict and underused assets.

5.0 Alternative Options Considered

5.1 The use of Plot 1 for housing was considered in the initial options analysis prior to the submission of the aforementioned hybrid planning application for Kings Quarter. Therefore, the assessment of alternative uses for the site at this stage is not desirable.

5.2 However, the tenure mix of properties is yet to be agreed by Cabinet.

5.3 As landowner, the highest receipt will undoubtedly be for private homes for sale across the entire site. However, whilst this option is technically acceptable due to the Viability Assessment referred to in 3.4 above, it is suggested that the need for affordable homes in Gloucester is such that the Council could take a lead in this case.

5.4 To this end, it is recommended that the site be developed in its entirety for affordable homes with the ratio of rent to other affordable products i.e. shared ownership, to be in line with independently assessed needs of the City.

6.0 Reasons for Recommendations

6.1 To progress the development of Kings Quarter through the provision of affordable homes on land owned by the Council.

7.0 Financial Implications

7.1 Finance has been consulted in the preparation of this Report. Any Capital receipt from this disposal will support the Council's ongoing capital programme.

8.0 Legal Implications

8.1 The Council has powers under s24 of the Local Government Act 1988 to provide financial assistance to "any person" (which would include corporate bodies) for the purposes of, or in connection with "the acquisition, construction, conversion, rehabilitation, improvement, maintenance or management of any property ... intended to be privately let as housing accommodation. However, this power is subject to the restrictions set out in s25.

8.2 s25 makes it clear disposal of land (or services) without charging market value is a "gratuitous benefit". Furthermore, restricting (directly or indirectly) occupation as housing by persons of a particular description cannot count towards consideration: in the context of these legislation provisions, "consideration" and "market value" are calculated purely by reference to actual financial benefit which can be shown in a balance sheet, and is thus distinguishable from the concept of "best value" which can include benefits which do not necessarily have a calculable financial value.

- 8.3 Therefore, restricting upon sale all or part the site to the provision of affordable homes would automatically mean that best consideration is not being obtained and the Council would be providing a “gratuitous benefit” within the terms of the Act. The consent of the Secretary of State would be required.
- 8.4 The consent of the Secretary of State can be specific or general, and he has issued certain General Consents (subject to conditions). The most relevant General Consent the purposes set out in this report appears to be Consent A,(2010), where the disposal is to a Registered Provider for the development of land as housing accommodation (together with other facilities intended to benefit the occupiers). The Consent is subject to the following conditions:
- any housing accommodation on the land must be vacant at time of transfer
 - the transfer must be of the freehold or a lease of at least 99 years
 - the transfer must provide that any existing accommodation on the land be demolished
 - the development must be completed within 3 years of the date of the transfer
 - any housing accommodation developed on the land must be:
 - let as low cost rental accommodation on a periodic tenancy, or shared ownership lease, or lease for the elderly;
 - used as homeless accommodation, or as a hostel, or for those with mental illness or handicap requiring support from social services
 - the Council must not manage or maintain the property after disposal
 - the total value of any assistance given under this particular Consent (including the undervalue) by the Council in the same financial year (to all bodies) must not exceed £10m
- 8.5 One Legal has been consulted in the preparation of this Report.
- 9.0 **Risk & Opportunity Management Implications**
- 9.1 A significant risk arising from this report is that insufficient interest exists amongst Registered Providers to bid for the site. Soft marketing discussions have been underway for some time and whilst this risk is valid, it is expected that a number of Registered Providers will be interested in the opportunity and we will be able to secure best value for this use.
- 10.0 **People Impact Assessment (PIA)**
- 10.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impacts as a result of this recommendation. Therefore, a full PIA was not required.
- 11.0 **Other Corporate Implications**
- Community Safety
- 11.1 The development arising from this disposal will be in accordance with the aforementioned hybrid planning application for Kings Quarter which includes community safety considerations.
- Sustainability
- 11.2 The development arising from this disposal will be in accordance with the aforementioned hybrid planning application for Kings Quarter which includes sustainability considerations.
- Staffing and Trade Union
- 11.3 None