

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Housing, Environmental and Economic Development

Housing, Environment and Economic Development Committee: 29 March 2011

Subject: Regeneration Areas: Proposed Disposal of Vacant Council Owned Land at Turnberry Place, Castlehill

1. Purpose

- 1.1** This report seeks Committee's approval to dispose of a site at Turnberry Place, Castlehill to Dunbritton Housing Association at a lower valuation price than previously agreed at Committee on 3 June 2009 to enable the provision of 13 new supply social rented homes.

2. Background

- 2.1** In early 2009, the Castlehill and Westcliff Housing and Regeneration Group requested that the land at Turnberry Place be disposed of to a housing association. This is a site where 24 council owned houses were demolished in 2005, which is held on the Housing Revenue Account (HRA), and is located within the regeneration area.

- 2.2** HEED Committee agreed to the disposal on 3 June 2009, the main agreements with regards to selling the land were:

'the disposal shall be at nil consideration if the Council's HRA debt in respect of the demolished housing stock which formerly stood on the site is written off by the Treasury'

'if the Council's debt is not met by the UK Treasury, a valuation shall be agreed with the purchasers which is no less than the Council's outstanding debt of £168,000'

- 2.3** Dunbritton Housing Association, with Cube Housing Association as development agents, put together their submission to the Scottish Government Housing Investment Division (SG HID). A requirement of this is to receive a valuation of the land from the District Valuer (DV). The Association appointed the DV who returned a "nil" valuation on 2 September 2010. This valuation was based on a standard residual valuation method rather than the more commonly used market value method. On 3 September 2010 the DV indicated that a de minimis level of £2,500 per planned unit would be acceptable. Based on the 13 units Dunbritton Housing Association had planned for this site that would give a valuation of £32,500. The SG HID will not provide funding for anything above the DV valuation.

3. Main Issues

- 3.1** Dunbritton Housing Association submitted their application for funding to the SG HID which included a sum for purchasing the land that related to the Council's debt write off value of £201,240 (the debt per unit price has risen since the initial Report).
- 3.2** The SG HID indicated that at a HAG requirement of £93,000 per unit would be required to make the scheme work, this exceeded the subsidy target of £66,500; therefore the scheme is not viable as it stands.
- 3.3** A Masterplan is nearing completion for Castlehill and Westcliff and in order to begin the regeneration process for the area, the Turnberry Place site is identified as the first phase.
- 3.4** The Turnberry Place scheme has featured in the Strategic Housing Investment Plan (SHIP) for a number of years. A recent prioritisation of projects with no committed SG HID funding placed it as the number 2 priority for the Council.
- 3.5** The Castlehill & Westcliff Housing and Regeneration Group called a meeting on Tuesday 8 February 2011 with regards to the lack of progress on Turnberry Place. The Group outlined their concerns regarding the length of time it has taken for regeneration work to commence in their area and the feeling they have over how much work they have put into trying to get the process off the ground with little results. They asked how the Council could support this project.
- 3.6** Dunbritton Housing Association has re-evaluated its application for government funding to reflect a lower purchase price from the Council of £32,500. This re-evaluation brings the cost of the scheme closer to the current HAG subsidy target.
- 3.7** Dunbritton Housing Association has committed to begin work immediately on the provision of new supply social housing at the Turnberry site and the development would be expected to be concluded by Spring 2012.
- 3.8** It has been agreed with Dunbritton Housing Association that the West Dunbartonshire Council will have 100% nomination rights in perpetuity. This reflects the significant contribution West Dunbartonshire Council has made to ensure that the 13 new supply social houses are developed on the site.
- 3.9** In early February 2011, the Scottish Government issued the following papers:
- Outline Proposals for the Innovation and Investment Fund and
 - Homes Fit for the 21st Century - The Scottish Government's Strategy and Action Plan for Housing in the Next Decade: 2011 - 2020.

These signify a move to competitive grant funding arrangements for new social housing. Due to the constraints on capital funds available to the Scottish Government, new build affordable homes will need to be funded with reduced government subsidy and these will be subject to a competitive bidding process.

- 3.10** It is unlikely in light of the new funding arrangements for new build social housing with the reduced subsidy levels allocated through competitive methods, that Dunbritton Housing Association or any other Housing Association would be able to afford to develop this land after 1 April 2011.

4. People Implications

- 4.1** There are no issues in relation to this Report.

5. Financial Implications

- 5.1** The Council would not achieve full debt write off on the properties that previously existed on Turnberry Place. An outstanding debt of approximately £185,000 would remain.

6. Risk Analysis

- 6.1** If the Council did not sell the land at the reduced price, this could ultimately contribute to the failure of the scheme as it is unlikely that any Housing Association would be able to afford to develop this land under the new competitive funding arrangements in place from 1 April 2011.

- 6.2** Any disposal of this site will require Scottish Ministers consent under Section 12 (7) of the Housing (Scotland) Act 1987 and will be given scrutiny under Best Value principles to ensure protection of the Housing Revenue Account. To support this application for consent, an option appraisal has been undertaken and is attached as Appendix 2.

7. Equalities, Health & Human Rights Impact Assessment (EIA)

- 7.1** West Dunbartonshire Council's Strategic Housing Investment Plan has been subject to an Equalities Impact Assessment.

8. Conclusions and Recommendations

- 8.1** The provision of 13 new supply social rented homes at the Turnberry Place site will only be achieved if the Council agrees to sell the site at the District Valuer's valuation as the Scottish Government will not provide funding for anything above this valuation.
- 8.2** The development of the site will be financed through the existing Affordable Housing Investment Programme.

The introduction of the Innovation and Investment Fund signifies a move to competitive grant funding arrangements for new social housing in Scotland and also signifies the end of investment funding allocated at a local level. In addition, the reduced subsidy levels of £40,000 per unit will make it unlikely, that Dunbritton Housing Association or any other Housing Association would be able to afford to develop within the new funding arrangements.

8.3 As the Council has contributed significantly to the Turnberry development as part of it is recommended that West Dunbartonshire Council has secured 100% nomination rights in perpetuity for the new supply social housing developed on the Turnberry site.

8.4 It is recommended, to support the regeneration of the Castlehill/Westcliff priority area, that the committee:

- (i) agree to sell the land at Turnberry Place to Dunbritton Housing Association for £32,500 subject to the following conditions:
 - (a) Dunbritton Housing Association will, as soon as reasonably possible, commence to build new affordable housing on the site.
 - (b) West Dunbartonshire Council will secure 100% nomination rights in perpetuity for the new supply social housing to be developed on the Turnberry Place site.
 - (c) Dunbritton Housing Association shall be responsible for meeting the Council's legal and Estates fees, expenses and outlays together with Stamp and Registration dues and any associated VAT.
 - (d) Any disposal secures appropriate consent of Scottish Ministers.
- (ii) authorise the Head of Legal, Administrative and Regulatory Services to conclude the transaction subject to such legal conditions that are considered appropriate.



Elaine Melrose
Executive Director of Housing, Environmental & Economic Development
Date: 24 March 2011

Person to Contact: Jackie Gallen - Policy Officer, Garshake Road, Dumbarton, G82 3PU, telephone: 01389 737591, e-mail: jackie.gallen@west-dunbarton.gov.uk

John Kerr - Policy, Strategy and Continuous Improvement Co-ordinator, Garshake Road, Dumbarton, G82 3PU, telephone 01389 737889, e-mail: John.kerr2@west-dunbarton.gov.uk

Appendices: Appendix 1: Turnberry Place, Castlehill: Map of area concerned.

Appendix 2: Turnberry Place, Options Appraisal

Background Papers: Housing, Environment and Economic Development Committee Report 3 June 2009: Regeneration Areas: Proposed Disposal of Vacant Council Owned Land at Turnberry Place, Castlehill.

Outline Proposals for the Innovation and Investment Fund - Scottish Government February 2011
<http://www.scotland.gov.uk/Publications/2011/02/03132933/6>

Homes Fit for the 21st Century - The Scottish Government's Strategy and Action Plan for Housing in the Next Decade: 2011 - 2020 Scottish Government February 2011.
<http://www.scotland.gov.uk/Resource/Doc/330642/0107261.pdf>

Wards Affected: 3