

Council House Building Programme - New Scheme Update

Housing Committee Thursday, 15 September 2022

Report of: Executive Head of Communities

Purpose: For decision

Publication status: Restricted

Wards affected: Westway

Executive summary:

We have the opportunity to purchase a site in Caterham suitable for housing development. The site is currently owned by the Ministry of Defence (MoD) and is currently part vacant and part used by the Sea Cadets. Public sector organisations are encouraged to sell surplus land direct to other public sector organisations at an independently assessed market value.

The site value is currently being assessed with a Red Book valuation which will provide a figure of its open market value. We will then have a limited time period to accept the price and terms and agree to purchase the land.

This report recommends that authority be delegated to the Executive Head of Communities, in consultation with the Chair and Vice Chair of the Housing Committee, to proceed with the purchase of the former Sea Cadets site in The Grove, Caterham, on such terms as she considers to be in the best interests of the Council and its Council house building programme. This will enable the transaction to proceed quickly and successfully.

This report supports the Council's priority of: Creating the homes, infrastructure and environment we need

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Recommendation to Committee:

It is recommended that:6

- A. authority be delegated to the Executive Head of Communities, in consultation with the Chair and Vice Chair of the Housing Committee, to proceed with the purchase of the former Sea Cadets site in The Grove, Caterham, on such terms as she considers to be in the best interests of the Council and its Council house building programme
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Reason for recommendation:

The recommendation supports one of the Council's key strategic objectives as the purchase of this piece of land will enable the delivery of a scheme of new affordable family rented units as part of the Council House building programme.

Introduction and background

- 1 The Council House Building Programme 2022-27 was given approval by Housing Committee in January 2021 with a budget of £74m. The costing of the programme was based on a mixture of small and medium sites with 30% of the homes being on purchased land.
- 2 It is challenging to locate suitable sites for affordable housing and compete in the open market to purchase them. Recently we have considered two sites for purchase, one of which the valuation came in substantially lower than offers the land agent had already received. The other site had unreasonable expectations regarding price and specification of the units.
- 3 It is unusual for a piece of public sector land to become available in the district that we have the potential to buy at objectively assessed market value.

Site

- 3 The site is located in Caterham on the Hill and fronts both Hawarden Road and The Grove. It is sized 0.36 of a hectare. It is well located for residential development and has residential properties located on three sides and is opposite the common on The Grove.
- 4 The site is currently owned by the Ministry of Defence (MoD) and is separated into three sections. The Northern part of the site has two connected huts, and these are currently used by the Sea Cadets two evenings per week. The sea cadets will be relocating to a site in Coulsdon. The south western part of the site contains one hut, and this is understood to be vacant. The south eastern part of the site comprises of hard standing following the demolition of barracks that were situated there in 2013. This has been unused although we currently have a licence to use this space temporarily as a car park for contractor's vehicles working on the nearby Windmill Close development site.
- 5 The draft Report on Title has not raised any concerns about the land to date, we will review the completed report on title thoroughly to ensure there are no issues that could limit or prevent development of the site.

Planning and design

- 6 The MoD submitted a request for pre-application planning advice in 2018. The proposal was for 38 units (36 flats and 2 houses). The planning officer deemed that
 - the redevelopment of the site would be acceptable
 - the loss of a community site would need to be demonstrated
 - that the density was too high
- 7 An architect has been appointed to carry out a feasibility study of the site and asked to maximise family sized houses in accordance with our known housing needs. This study illustrates that 3 x two bed houses, 11 x three bed houses and 2 x four bed houses (16 units in total) can be adequately situated on the site. The density of this equates to 44 per hectare and so is in line with density range of 30-55 in the Local Plan.
- 8 Informal pre-app advice has been sought from the planning team to ensure that this feasibility proposal is largely acceptable in planning terms. This advice resulted in the original design being reduced from 17 to the now 16 units and the reorientation of some units to ensure back to back distances were acceptable.
- 9 The MoD have sought planning advice from a planning consultant. Their view is that the principle or redeveloping the site is broadly acceptable and no fundamental or challenging issues were highlighted.
- 10 **Section on change of use – see what David Stewart comes back with**
- 11 We therefore are of the view that we can achieve a planning permission on this site after seeking and following pre-application planning advice.

Disposal of public land and valuation

- 12 As surplus public sector land the MoD have previously requested expressions of interest from other public sector bodies interested in purchasing it. The obligation to do this expired back in 2013. The MoD is now preparing to publicly market the site from the beginning of October and as the official period for public bodies to express an interest has officially expired there is only a small window of opportunity for TDC to agree to a sale before marketing commences.
- 13 Public sector organisations have an obligation to sell land at market value to other public sector organisations. This is assessed by a Red Book Open Market Valuation by a qualified surveyor. TDC have agreed to meet half the costs of this valuation and the MoD have instructed Carter Jonas to carry out this piece of work.
- 14 Once the land is marketed to the public the value it is sold at could potentially rise above the open market valuation price if there are several parties interested and the competition between them results in outbidding each other. Therefore, we wish to proceed with a purchase, prior to marketing commencing, at the assessed market value.
- 15 If TDC are happy with the open market valuation price and confirm that we will intend to purchase the site then the MoD will not commence marketing

in October. We would then need to complete the transaction by March 2023.

Budget

- 16 On receipt of the valuation the Executive Head of Communities, in consultation with the Chair and Vice Chair of the Housing Committee, will assess the purchase price of the land, ensure the terms are in the best interests of the council and proceed with the purchase if it offers good value to TDC.
- 16 The estimated cost to develop the 16 units on this site (not including the cost of land) is approximately £6m
- 16 If we were given approval and were successful in acquiring the site we would then return to committee to seek a budget to take the scheme to pre planning application advice stage. This would be used for the appointment of an architect, planning fees, the procurement of the necessary surveys to inform the design (e.g. arboricultural and topographical surveys) and the appointment of an employer's agent to act as a construction professional and project manager, inputting on processes and procedures that will ultimately be included in a construction contract. We would also seek approval to appropriate the land.
- 17 Officers would return again to Housing Committee with a scheme proposal and a request for full budget approval for the site once feasibilities have been completed and pre planning advice received.

Other options considered

- 19 Officers need this Committee's approval to be able to respond quickly to the valuation results and proceed with a purchase in order to stop the Mod marketing the land.

Consultation

- 20 Ward Councillors have been informed of the potential to purchase this site. A consultation exercise prior to appropriation of the land will also be undertaken.

Key implications

Comments of the Chief Finance Officer

Comments of the Head of Legal Services

Equality

The letting rather than the development of housing for sale is key to issues of equality. New housing developed reflects the housing priorities at the time it is conceived, is designed to mitigate against fuel poverty, be mobility friendly and be of a size sufficient to promote working from home.

Climate change

The new housing will be designed to achieve the Council's adopted target of Net Zero Carbon (operational) and any essential tree removals will be replaced in accordance with the Compensatory Tree Planting scheme together with a commitment to deliver bio-diversity net gain on each development.

Appendices

None

Background papers

None

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