

**Report for: CABINET**

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Date of Meeting: 12 December 2023

Subject: **POST HILL AFFORDABLE HOUSING SITE**

Cabinet Member: Councillor Simon Clist, Cabinet Member for Housing and Property Services and Councillor James Buczkowski, Cabinet Member for Finance

Responsible Officer: Andrew Jarett, S151 Officer and Simon Newcombe, Corporate Manager for Public Health, Regulation and Housing

Exempt: Annex A – Part II

Exempt from publication under paragraph 3, Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)

Wards Affected: Directly – Tiverton Lowman  
Other wards indirectly through the provision of new social housing

Enclosures: Annex A - Part II

### **Section 1 – Summary and Recommendations**

On the 29 August 2023 Cabinet resolved that the Council's Housing Revenue Account (HRA) would not progress its proposed development and tender for Post Hill, Tiverton for the provision of 70 affordable homes. This decision was informed by a detailed options analysis that determined the site was not viable and did not represent a strong value for money business case for the HRA.

Cabinet further resolved to grant delegated authority to the S151 Officer and the Corporate Manager for Public Health, Regulation and Housing to explore alternative options for the delivery of affordable housing at Post Hill including potential sale or

transfer of the site in order to complete the development of 70 units. This was to be brought back to Cabinet for future consideration.

The purpose of this report is to advise members on options that have now been explored with third-party registered housing providers including a bidding process and confirm the sale of the Post Hill site.

### **Recommendations:**

- 1. That Cabinet approve the sale of Post Hill for affordable housing development to Bidder 1 as set out in Annex A (Part II).**
- 2. Delegated authority be granted to the S151 Officer and the Corporate Manager for Public Health, Regulation and Housing (in consultation with the Cabinet Members for Finance and Housing & Property Services) to complete the contract of sale.**

## **Section 2 – Report**

### **1 Introduction**

- 1.1 The Post Hill site is within the ownership of the Council HRA. Planning permission 22/01255/MFUL was granted by Planning Committee in June 2022 conditional on delivery of 70 affordable homes. Full information on the site, its acquisition/planning history and the assessment of the site for affordable housing by the HRA is contained in the 29 August 2023 Cabinet HRA Large Sties Options Report (see background papers).
- 1.2 Following the decision of Cabinet on 29 August 2023, relevant officers entered into informal discussions with a number of regional and national registered housing providers to gauge interest in their acquisition of the Post Hill site for subsequent development of 70 affordable homes.
- 1.3 These discussions led to direct meetings with three registered providers who expressed an interest in bringing forward more detailed proposals.
- 1.4 On the 13 November 2023, the Council formally wrote to each of these registered providers and identified build partners asking if each organisation or partnership was willing to submit a best and final offer by 12 noon on Wednesday 29 November.
- 1.5 Potential bidders were informed that the Council intends to consider any bids received and agree which it would like to progress with at its Cabinet meeting on 12 December 2023.
- 1.6 A template was provided ensure a standardised approach was achieved. Providers were nonetheless also invited to supply as much additional information as necessary in support of their offer.
- 1.7 During initial discussions we received requests to have designs and plans made available to assist with due diligence. Consequently, a link was provided

giving access the relevant non-sensitive files from the Council public tender exercise. Additional technical support was also signposted.

1.8 For clarity, the bid template requested the following information:

- Name of Registered Provider(s)
- Name of developer/build partner(s)
- Best and final offer (£)
- Development proposal (including intention to continue with the current planning consent or wish to submit a new application. Any further relevant information in support of the bids, for example method of construction, energy sources and rating of the units or tenure mix)
- Any conditions attached to offer
- Timeframe for purchase and for delivery (build)
- Authorised signatories

1.9 The bid responses were received on confidential basis due to the commercial sensitivity of some information.

## **2 Acquisition, costs and capital receipt**

2.1 As set out in the August Cabinet paper, the land at Post Hill was acquired at a discounted, affordable housing land value of £410k in December 2017. Under the relevant terms, in addition to the purchase price, s106 obligations paid or due to the Council equate to a further circa £1.2m. The HRA has born further planning and tender costs in securing full planning permission and undertaking the procurement exercise.

2.2 These costs were highlighted as necessary to secure the land and move it forward for delivery of the maximum level of affordable housing possible within Braid Park in order to meet our strategic affordable housing objectives. As such, whilst the Council is seeking a fair capital receipt to recover some of these costs, the wider strategic benefits are critical as the key driver for this bid process.

2.3 The Council is therefore not in a position to make full cost recovery on the recommended sale of the site. In any case, should a profit position be possible it may act as a barrier to third-party registered providers needing to lever core strategic grant funding (for example Homes England Affordable Housing Programme monies) in order to deliver a scheme.

2.4 Consequently, no specific provision has been made for a capital receipt from the sale of Post Hill in the current or draft future HRA Medium-Term Financial Plan (MTFP). As such there are no negative financial implications for the HRA going forward through the Council securing the proposed sale that will enable this strategically important affordable housing scheme.

## **3 Bid outcomes and evaluation**

3.1 One bid was received in total.

3.2 No specific formal evaluation criteria was set out under the bid process. Nonetheless, the bid received has been considered against the following objective measures:

- Delivery confidence – track record, level of conditions and funding assurance
- Delivery timeframe – how quickly can the affordable housing be provided
- Capital receipt – amount and any viability considerations
- Tenure mix (if available) – meeting local housing needs

## **4 Conclusion**

4.1 The bid received is considered viable and high-quality. This is a partnership bid from a major regional registered provider and their build partner (Bidder 1), details of which are provided in Annex A (Part II).

4.2 The Registered Provider and has a strong track record of housing delivery within the south-west including in Mid Devon. The delivery timeframe is particularly attractive given the intention to utilise the existing planning consent, notwithstanding any non-material amendment application on design or performance requirements necessary to meet specific provider requirements.

4.3 There are no conditions attached to the offer and it is subject to contract only.

4.4 The capital receipt is considered to be fair and is positioned at the upper end of a viable bid. This view is based on our detailed knowledge of core affordable housing funding and costs to bring forward a development of 70 units on this specific site.

4.5 The tenure mix is subject to further confirmation however informally the provider has indicated an intention to provide a mix of general needs and shared-ownership affordable accommodation which is compatible with local housing needs.

## **5 Recommendations**

5.1 In the context of the above, the following recommendations are made:

1. That Cabinet approve the sale of Post Hill for affordable housing development to Bidder 1 as set out in Annex A (Part II).
2. Delegated authority be granted to the S151 Officer and the Corporate Manager for Public Health, Regulation and Housing (in consultation with the Cabinet Members for Finance and Housing & Property Services) to complete the contract of sale.

## **Financial Implications**

The HRA is ring fenced and subject to specific financial controls. The specific financial implications of this bid are set out above.

## **Legal Implications**

Any registered provider bringing forward a scheme of affordable housing on this site must meet a core legal definition of this type of accommodation.

Affordable housing includes homes for sale or rent and is for people whose needs are not met by the private market. The Government's National Planning Policy Framework (NPPF) defines the types of affordable housing as Affordable Housing for Rent and Affordable Housing for Sale.

## **Risk Assessment**

See Section 3 and 4 above.

Additionally, should the Council not take forward a formal bid at this stage it will have a continued liability for site security/management. It would also miss a timely opportunity to bring forward a high-level of affordable housing essential to meet its strategic housing objectives whilst providing a capital receipt to the Council. The delivery of more affordable housing is a key mitigation to risks set out in Corporate Risk 12: Housing Crisis, notably a failure to supply sufficient housing to meet Mid Devon's needs leading to increased homelessness and increased temporary accommodation.

## **Impact on Climate Change**

The registered provider has indicated they will be seeking to build the current consented scheme and deliver above current building regulation requirements on energy performance. Where necessary it may seek a relevant non-material amendment to the consent in order to utilise a fabric first approach to achieve a SAP (carbon footprint Standard Assessment Procedures) rating of 86 on every home where current regulations require SAP rating C (69-80).

## **Equalities Impact Assessment**

Not applicable.

## **Relationship to Corporate Plan**

Homes and the Environment are a priority for the Council and this includes increasing the supply of affordable homes in the District.

## **Section 3 – Statutory Officer sign-off/mandatory checks**

**Statutory Officer:** Andrew Jarrett

Agreed by or on behalf of the Section 151

**Date:** 28/11/2023

**Statutory Officer:** Maria De Leburne

Agreed on behalf of the Monitoring Officer

**Date:**

**Chief Officer:** Simon Newcombe

Agreed by or on behalf of the Chief Executive/Corporate Director

**Date:** 29 November 2023

**Performance and risk:** Steve Carr

Agreed on behalf of the Corporate Performance & Improvement Manager

**Date:** 01/12/2023

**Cabinet member notified:** Yes

#### **Section 4 - Contact Details and Background Papers**

**Contact:** Simon Newcombe, Corporate Manager for Public Health, Regulation and Housing

Email: [snewcombe@middevon.gov.uk](mailto:snewcombe@middevon.gov.uk).

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#### **Background papers:**

Mid Devon Housing Strategy 2021-25

<https://www.middevon.gov.uk/media/353400/housing-strategy-2021-25.pdf>

Cabinet agenda and minutes 29 August 2023 – HRA Large Sites Options Report

<https://democracy.middevon.gov.uk/ieListDocuments.aspx?CId=133&MIId=1739&Ver=4>

#### **Further information**

Affordable Housing facts and definition

<https://www.gov.uk/government/publications/new-homes-fact-sheet-9-what-is-affordable-housing/fact-sheet-9-what-is-affordable-housing>