

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE 21 SEPTEMBER 2005

JOINT REPORT OF THE FINANCIAL SERVICES MANAGER AND THE ACTING HEAD OF HOUSING

This matter is the responsibility of Executive Councillors Garner and Edwards

SALE OF HAMILTON ROAD PUBLIC CONVENIENCES

Executive Summary

The Executive is asked to approve the sale of the Hamilton Road public conveniences to Knightstone Housing Association for social housing purposes.

1 Background

- 1.1 At the Executive meeting held on 9 March 2005 the report of the Waste Services Manager was agreed. One of the recommendations included within the report was the sale of the Hamilton Road public conveniences.
- 1.2 The site is suitable for development and draft plans have been produced that show that two semidetached houses could be built on the site. It was estimated that on the open market the sale of the site would generate a capital receipt of around £80,000 which would be wholly attributable to the General Fund. However this value assumed that part of the garden of a Council House in Lambrook Road would be included in the sale. This represents 30% of the value.

2 Proposed Use of the Site

- 2.1 Recently Officers have been having discussions with Knightstone Housing Association (KHA) who are keen to purchase the site for social housing purposes.
- 2.2 Ordinarily the sale of Housing land requires a proportion of the capital receipt to be "pooled" and paid back to the ODPM, however land which the Council designates as being for social housing purposes is exempt from any pooling liability. Therefore if the Council were to do this it would retain 100% of the capital receipt, part of which could be used to support future Housing capital schemes. The expected gain by not having to pay part of the capital receipt to ODPM would be £12,000, although this is based on an £80,000 value (£80k x 30% x 50%).

3 Financial Implications

- 3.1 In discussions with KHA they have indicated that they would be prepared to pay £35,000 for the whole site. Whilst this is below the original projected sale value mentioned in paragraph 1.2 above it is

thought by Officers that this represents a fair value for the site for its potential future use for social housing purposes only. The Council has the ability to sell land to Registered Social Landlords at less than open market value under powers conferred by the General Disposal Consent 92.5 under Section 25 of the Local Government Act 1998.

- 3.2 If the Executive were to agree to the sale of the whole site the capital receipt would be shared between the General Fund and the Housing Revenue Account capital resources as follows:

General Fund	£24,500
Housing Revenue Account	£10,500
Total	£35,000

Whilst this is less than expected for the General Fund it would represent a windfall for Housing capital resources and would also support one of the Council's key priorities, namely increasing affordable housing.

- 3.3 Should Members not agree to the sale, as outlined in 3.2 above, then in order to ensure that the opportunity for social housing on this site was not lost, the land could be "purchased" by Housing from the General Fund. Housing would have to find another £35,000 from capital reserves to purchase the site and subsidise the RSL. The Council's Valuer would accept £70,000 for the public conveniences element of the site, as there would be no advertising or auction costs involved.
- 3.4 The Officers recommendation below means that the Council receives:
- £35,000 from the Registered Social Landlord,
 - Saves £35,000 in grant to KHA (which can be used on another site),
 - Permanent nomination rights to the two houses.

This strategy supports one of the Council's overriding priorities – the provision of affordable housing.

- 3.5 If the site were sold privately the Council would gain £68,000 (£80,000 less £12,000 repayable to the ODPM) minus the costs of advertising/auction. In addition there would be no Council nomination rights. As mentioned in 3.3 above if Housing were to purchase the land from the General Fund for £70,000 (£80,000 less advertising/auction costs), the onward sale to the RSL would only gain the authority £35,000 plus nomination rights. However this would be to the detriment of the level of overall Housing capital resources.
- 3.6 If the sale was to proceed as outlined in 3.2 above, for the General Fund the overall level of unallocated capital resources would be £642k and for Housing they would be £385k.

4 Recommendations

4.1 The Executive is requested to approve the sale of this site and specifically:

- To rescind the previous decision to sell the site on the open market,
- To agree that the site is designated for social housing purposes,
- To agree to sell the whole site (Hamilton Road Conveniences and the parcel of land at Lambrook Road) to KHA for £35,000 in order to support the Council's social housing priorities under the usual provisions of the General Disposal Consent of section 25 of the Local Government Act 1998.

Background Papers: Executive 9 March 2005, Review of Public Conveniences

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