

PERTH AND KINROSS COUNCIL

Housing and Health Committee - 27 May 2015
Strategic Policy and Resources Committee – 17 June 2015

DISPOSAL OF LAND AT MUIRTON TO CALEDONIA HOUSING ASSOCIATION FOR THE DEVELOPMENT OF SOCIAL AND PRIVATE HOUSES

Report by Executive Director (Housing and Community Care) and Depute
Director (The Environment Service)

PURPOSE OF REPORT

This report seeks approval for the sale of land to Caledonia Housing Association (CHA) for the development of Phase 6 of the Muirton Park Regeneration area, at an initial sale price of £1 with a deferred minimum payment of £940,000 payable within 5 years.

1. BACKGROUND

- 1.1 Phase 6 of the Muirton Park Regeneration is the final stage of the re-development contained within the Muirton Master plan, as revised in May 2014. The site has been identified for a development mix of approximately 57 social rented units, 65 low cost units and 80 privately owned units.
- 1.2 The site forms part of a larger regeneration programme for the Muirton area of Perth. Phases 1-4 have already been developed for social housing by Caledonia Housing Association (CHA) and Fairfield Housing Co-operative (FHC) and the development of 25 houses in Phase 5 by FHC is underway.
- 1.3 In February 2013 Housing and Health Committee approved a report (Report No. 13/59) proposing a Partnering Agreement involving Caledonia Housing Association, Fairfield Housing Co-operative and Perth and Kinross Council to dispose of the remaining Perth and Kinross Council land at Muirton, Perth.
- 1.4 The Committee agreed the principle of the disposal of the remaining land at Muirton to CHA through an agreement which puts in place a deferred receipt for the sale.
- 1.5 It was agreed that a report would come to a future Housing and Health Committee with recommendations for future proposals for Phase 6 and a report submitted to the Strategic Policy and Resources Committee with details of the proposed disposal.

2. PROPOSALS

- 2.1 The continuing regeneration of Muirton Park is consistent with the Council's ambitions for Perth's sustainable development as set out in the Perth City Plan. Building on the success of Phases 1 to 5, the proposed Phase 6 development will provide in excess of 200 houses providing a multi tenure package to help complete the economic, social and physical regeneration of the remainder of Muirton.

- 2.2 The land proposed for the social and low cost housing element has been valued at £0 with a capital receipt being achieved through the subsequent sale of the 80 plots for private development.
- 2.3 The private housing element of the development has been valued at £940,000 and will be payable by CHA to the Council within a 5 year period from the conclusion of the sale, as sites are sold to a developer. This is referred to as the Deferred Minimum Payment. In the event that any of the sites allocated for the private development do not sell, the Council reserves the right to resume the undeveloped sites for no consideration. The Council will then be free to develop or sell the resumed sites.
- 2.4 CHA will proceed with a tender process for this latest phase and the chosen developer will be required to detail the costs of construction of the social housing together with the anticipated re-sale value of the private housing. In the event that more than 80 private properties are constructed, or if the developer achieves a higher sale value than initially anticipated, it is proposed that any uplift in value, over and above the Deferred Minimum Payment, will be split equally between the Council and the developer.
- 2.5 The main heads of terms of sale are summarised as below:
- i) The sale price will be £1 with a deferred minimum payment of £940,000 to be paid within 5 years of the conclusion of the sale.
 - ii) The sale to Caledonia Housing Association to conclude in financial year 2015/16.
 - iii) The site to be developed for a mix of social and private housing.
 - iv) The sale is subject to the Council obtaining Scottish Ministers consent for the disposal of land held on the Housing Revenue Account at the sale price.
 - v) Other terms and conditions agreed to the satisfaction of the Head of Planning and Development and the Head of Legal Services.

3. BEST VALUE AND BEST CONSIDERATION

- 3.1 The Council is required to fulfil its statutory duties under Best Value as set out in Section 1 of the Local Government (Scotland) Act 2003. Relevant aspects of this duty include:
- Making best use of public resources, including land and property.
 - Being open and transparent in transactions.
 - Ensuring sound financial controls are in place to minimise the risk of fraud and error.
 - Assessing the full financial consequences of decisions at an appropriate level before major financial decisions are taken or commitments entered into.
 - Demonstrating responsiveness to the needs of communities, citizens, customers and other stakeholders, where relevant.

- 3.2 The Council also has a statutory duty in terms of Section 74 of the Local Government (Scotland) Act 1973 to achieve best reasonable consideration when it disposes of its land and buildings.
- 3.3 The Phase 6 development has been independently valued at £940,000 by the Valuation Office Agency as being the current market value and the terms of sale are therefore consistent with the requirement to secure best consideration for the Council.
- 3.4 Best Value can further be demonstrated by making best use of public resources to support the provision of 200 plus houses, providing a multi-tenure package to help complete the economic, social and physical regeneration of Muirton.
- 3.5 The proposals outlined in this report are considered to be consistent with the Council's requirements in terms of the Local Government (Scotland) Act 2003.

4. CONCLUSION AND RECOMENDATIONS

- 4.1 The regeneration of Muirton, Perth, is in its final phase and this Phase 6 includes the development of over 200 homes for social rent and private ownership. The development is managed through a partnering agreement involving Caledonia Housing Association, Fairfield Cooperative and Perth and Kinross Council. This report seeks approval to sell the remaining land to Caledonia Housing Association, subject to ministerial consent, to enable the final part of the development to progress.
- 4.2 It is recommended that:
- (i) Housing and Health Committee approves the sale of land to Caledonia Housing Association (CHA) for the development of Phase 6, subject to ministerial consent.
 - (ii) Strategic Policy and Resources Committee approves the terms of the sale of the Muirton site for the final phase of development.

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	Yes
Workforce	None
Asset Management (land, property, IST)	Yes
Assessments	
Equality Impact Assessment	None
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	None
Risk	None
Consultation	
Internal	Yes
External	Yes
Communication	
Communications Plan	None

1. Strategic Implications

- 1.1 The Perth and Kinross Community Plan 2013-2023 and the Perth and Kinross Corporate Plan 2013-18 have five concurrent outcomes which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. The following are relevant to this report:

- Promoting a prosperous, inclusive and sustainable economy
- Supporting people to lead independent, healthy and active lives
- Creating a safe and sustainable place for future generations

2. Resource Implications

Financial

- 2.1 The disposal of this site will result in a capital receipt to the Housing Revenue Account.

Workforce

- 2.2 There are no direct workforce implications regarding this report.

Asset Management (land, property, IT)

- 2.3 The Head of Finance and Support, Housing and Community Care was consulted on this report and is in agreement with the proposals.

3. Assessments

Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.2 The proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:
- (i) Assessed as **not relevant** for the purposes of EqIA

Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. However, no action is required as the Act does not apply to the matter presented in this report. The matters presented in this report were considered under the Environmental Assessment (Scotland) Act 2005 and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

Sustainability

- 3.4 These proposals meet the following sustainability criteria:
- Where possible, using materials from sustainable sources
 - Energy conservation through improved insulation measures
 - More efficient heating systems
 - More efficient lighting systems

Legal and Governance

- 3.5 The Head of Legal Services has been consulted and there are no direct legal implications of this report.

Risk

- 3.6 The Housing and Community Care Senior Management Team regularly review capital monitoring reports that highlight individual project progress and risks. The Muirton Project Board also oversees and monitors the Muirton Regeneration Project.

4. Consultation

Internal

- 4.1 The Heads of Finance and Legal Services have been consulted on this report.

External

- 4.2 The Strategic Housing Investment Plan (SHIP) is developed corporately through the 'Affordable Housing Working Group' with colleagues within The Environment Service and the Chief Executive's Service. Registered Social Landlords, Homes for Scotland, private developers and rural landowners are also involved through groups, such as the Housing Forum, alongside regular liaison meetings with the Scottish Government. The Strategic Local Programme has been developed through individual meetings with housing associations as well as regular correspondence in finalising the programme. This project is of high priority in the Strategic Local Programme and it is due to be developed during 2016/2019.
- 4.3 Registered Social Landlords and the Scottish Government have been consulted in the preparation of this report.
- 4.4 The Tenant Committee Report Panel were consulted prior to a progress update report being submitted to Housing and Health Committee on 27 August 2014. Caledonia Housing Association also carried out a consultation exercise last summer on the revised master plan.

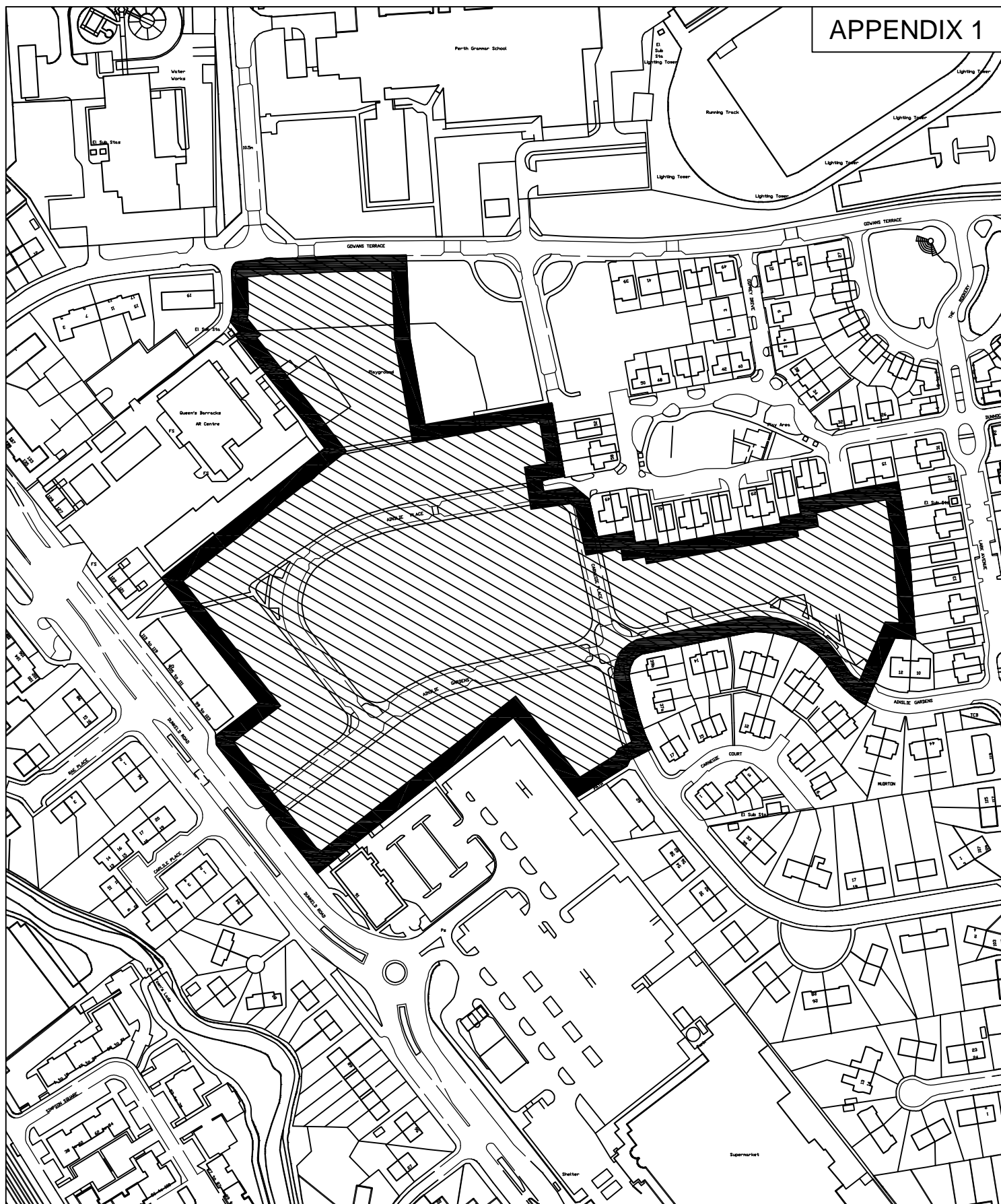
The Tenant Committee Report Panel were consulted on this report and said that it was a 'great idea as this allows an increase in rented properties for the social rented sector.'

2. BACKGROUND PAPERS

- 2.1 No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied upon to any material extent in preparing the above report. .

3. APPENDICES

- 3.1 Appendix 1: Muirton Regeneration Proposed Disposal



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The Environment
Service

Phase Six, Muirton Regeneration Muirton Perth

Proposed Disposal

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COMMITTEE REPORT PLAN



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