



## Cabinet (Resources) Panel

### 14 November 2017

<b>Report title</b>	WV Living - land matters	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Peter Bilson City Assets and Housing	
<b>Corporate Plan priority</b>	Place - Stronger Economy	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	Bilston North; Ettingshall; Penn; Bilston North; Penn	
<b>Accountable Director</b>	Lesley Roberts (Strategic Director: City Housing)	
<b>Originating service</b>	Housing Strategy and Development	
<b>Accountable employee</b>	Karen James Tel Email	Housing Development Project Manager 01902 551414 karen.james@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>		

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#### Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is recommended to:

1. Rescind the former decision to dispose of the freehold interest in the site at Sweet Briar Road, Wolverhampton and the former site of Ettingshall Primary School, Hall Park Street, Wolverhampton at auction.
2. Rescind the former decision to dispose of the freehold interest in the site at Sweet Briar Road, Wolverhampton to WV Living.
3. Delegate authority to the Cabinet Member for City Assets and Housing in conjunction with the Head of Corporate Landlord to agree the terms of the licence under which WV Living and its appointed contractor will occupy and develop the site at Sweet Briar Road.

4. Delegate authority to the Cabinet Member for City Housing and Assets in conjunction with either the Director of Finance or Head of Corporate Landlord to resolve any further issues arising from the disposal of the freehold interest or licences required to occupy and build out any of the sites at Ettingshall Primary School, Ettingshall, Sweet Briar Road Ettingshall or Prouds Lane, Bilston.
5. Approve a variation to the funding agreement with the Homes and Communities Agency (HCA) in respect of the site at the rear of Reedham Gardens, to allow the development by WV Living of housing to include shared ownership, affordable council rent and market sale homes instead of a scheme to include Starter Homes (for which Government regulations have not been forthcoming).

**Recommendations for noting:**

The Cabinet (Resources) Panel is asked to note:

1. The discussions with the HCA in respect of the site at the rear of Reedham Gardens.

## **1.0 Purpose**

- 1.1 To deal with various land matters appertaining to the sale of land to WV Living, granting of licences to the same and varying the detail of development proposals.

## **2.0 Background**

- 2.1 At the meeting of the Cabinet (Resources) Panel on 15 July 2008, a decision was taken to declare the former site of Ettingshall Primary School, Hall Park Street, Wolverhampton surplus to requirements and to dispose of the freehold interest in the same at auction – see Appendix 1. Similarly, the Cabinet (Resources) Panel on 26 July 2011 agreed to declare the site at Sweet Briar Road, Ettingshall surplus to requirements and offer it for sale at auction – see Appendix 3.
- 2.2 In 2009, the whole of the former site of Ettingshall Primary School was leased to the NHS for the provision of a medical centre – Appendix 2. The lease is now in the process of being terminated and the new lease will refer solely to the area of Ettingshall Primary School truly occupied by the medical centre – Appendix 2.
- 2.3 Subsequently, at the meeting of the Cabinet on 14 September 2016, a decision was taken to dispose of the freehold interest in the former site of Ettingshall Primary, excluding the land occupied by the medical centre, and the Sweet Briar Road site to WV Living. The previous decision regarding sale of both sites at auction was not rescinded. The intention was that WV Living would develop the Ettingshall Primary site with a mix of houses and apartments for market sale and rent, whilst the site at Sweet Briar Road would be developed with houses and apartments which would then be sold back to the City of Wolverhampton Council (CWC) to be managed by Wolverhampton Homes and let at an affordable rent.
- 2.4 As the former site of Ettingshall Primary is to be developed with homes for market sale and market rent by WV Living, enabled by a direct disposal at a District Valuer valuation, it is necessary to formally rescind the previous decisions to sell both sites at auction.
- 2.5 It is no longer considered prudent to sell the Sweet Briar Road site to WV Living for redevelopment, for CWC then to buy it back, as this will result in increased transaction costs for no benefit. It is therefore recommended that this decision is also rescinded.
- 2.6 As the site at Sweet Briar Road will not be sold to WV Living, a licence will be required for WV Living and its appointed contractor to occupy the site during the development period and undertake the building work. It is recommended that authority be delegated to the Cabinet Member for City Housing and Assets in conjunction with the Head of Corporate Landlord to agree the terms of the licence under which WV Living and its appointed contractor will occupy and develop the site at Sweet Briar Road.

- 2.7 Authority has already been delegated to the Cabinet Member for City Housing and Assets in conjunction with the Director of Finance to agree the Heads of Terms for the disposal of the former site of Ettingshall Primary School to WV Living through a report to Cabinet (Resources) Panel on 28 March 2017.
- 2.8 Should any further issues arise with any of the sites at Prouds Lane, Bilston, Sweet Briar Road or the former site of Ettingshall Primary School, it is recommended that delegated authority to resolve these issues should be given to the Cabinet Member for City Housing and Assets in conjunction with either the Director of Finance or Head of Corporate Landlord.
- 2.9 Approval was given at Cabinet (Resources) Panel on 19 January 2016 to progress the development of Starter Homes on a site to the rear of Reedham Gardens (see site plan at Appendix 4). The Council entered into a Funding Agreement with the HCA for the remediation of this site leading to the development of Starter Homes. The remediation works were carried out by the required milestone of March 2017 and all grant monies claimed from the HCA. Cabinet (Resources) Panel on 28 February 2017 declared the site surplus and approved the transfer of the site to WV Living for the development of Starter Homes. However, the Council has been unable to progress this planned development due to changes in the Government's position regarding Starter Homes, resulting in a lack of published regulation to define this product.

### **3.0 Progress, options, discussion, etc.**

- 3.1 The sites at Sweet Briar Road and Ettingshall Primary School are due to commence construction in late 2017 or early 2018, having completed all site investigations and surveys. It is considered prudent formally to rescind the previous decisions prior to appointing any contractor and resolve all outstanding issues as the Ettingshall Primary site will be developed with homes for market sale and rent.
- 3.2 In respect of the site at Reedham Gardens, since the HCA announced and awarded grant funding for the Starter Homes scheme in late 2015 / early 2016, nationally the scheme has been difficult to deliver due to uncertainty around the Starter Homes product. Regulations in respect of Starter Homes have not been forthcoming from Government. An independent Mortgage Advisor has advised they are not aware of any mortgage products which homebuyers could use for this housing type. There is currently no clarity on when or if the regulations will be put before Parliament. The HCA have therefore agreed to vary the contract with the Council to allow the Council to develop a mixed scheme of shared ownership, affordable Council rent and market sale homes at this site instead of a scheme to include Starter Homes.

### **4.0 Evaluation of alternative options:**

- 4.1 Whilst it is possible to leave the former decisions in place and simply proceed with the altered arrangements to sell the Ettingshall Primary site to WV Living and leave the Sweet Briar Road site in Council ownership, it will be appreciated that it is prudent,

particularly as market sale and market rent homes are involved on the former school site, to ensure that the recorded decisions match the end actions.

- 4.2 In order to protect CWC and its assets, the licence for WV Living and its appointed contractor to occupy and build out the Sweet Briar Road site should be put in place.
- 4.3 The absence of Starter Homes regulations and mortgages for this type of housing, currently makes it impossible to develop Starter Homes on the site at Reedham Gardens. The Council could delay the site development to see whether the regulations are forthcoming but there is no guarantee when or if this will happen. Discussions with the HCA over several months leads to the conclusion that varying the type of housing development at this site will allow for the development to proceed without further delay, subject to a variation of the Funding Agreement between the HCA and the Council.

## **5.0 Reasons for decision(s):**

- 5.1 The rescindment of the former decisions will ensure that the actions of CWC and WV Living match the recorded decisions and minutes.
- 5.2 The licence to occupy and build out Sweet Briar Road granted to WV Living and its appointed contractor will protect the Council and its assets.
- 5.3 To account for the lack of regulations governing Starter Homes and to allow for the development of the site at Reedham Gardens to proceed.

## **6.0 Financial implications**

- 6.1 The former site of Ettingshall Primary School will be valued independently by the District Valuer prior to the disposal to WV Living. This will also be the case with the disposal of the site at Prouds Lane.
- 6.2 The disposal of the site at Reedham Gardens by the City of Wolverhampton Council to WV Living is subject to a District Valuer valuation. The funding agreement with the HCA reserves the right to claw grant back should the Council not use its reasonable endeavours to achieve the required output of 16 Starter Homes. The Council will therefore not proceed with an alternative mix of housing unless there is a formal variation to the contract between the HCA and the Council, to protect the Council's interests in this regard.  
[JM/03112017/A]

## **7.0 Legal implications**

- 7.1 Any disposals of the site identified in this report will be dealt with in accordance with the usual practices.  
(RB03112017/M)
- 7.2 The use of a licence for a third party to occupy and build out a site is good practice.

- 7.3 The acquisition of the site at Reedham Gardens by WV Living would be in line with usual legal processes.

## **8.0 Equalities implications**

- 8.1 There are no equalities Implications associated with this report.

## **9.0 Environmental implications**

- 9.1 There are no environmental implications associated with this report.

## **10.0 Human resources implications**

- 10.1 There are no human resource implications associated with this report.

## **11.0 Corporate landlord implications**

- 11.1 The involvement of the Corporate Landlord will be required with regard to the licence to occupy and build out the site at Sweet Briar Road.

## **12.0 Schedule of background papers**

- 12.1 Plan of former site of Ettingshall Primary School, Hall Park Street, Wolverhampton – Appendix 1

Plan of area leased to medical centre – Appendix 2

Plan of site at Sweet Briar Road, Ettingshall – Appendix 3

Plan of site at Reedham Gardens – Appendix 4

Report to Cabinet (Resources) Panel – 15 July 2008 – Approval to Declare Properties Surplus to Requirements and Disposal Method.

Report to Cabinet (Resources) Panel – 26 July 2011 - Approval to Declare Properties Surplus to Requirements and Disposal Method.

Report to Cabinet – 14 September 2016 – WV Living, Detailed Business Plan

Report to Cabinet (Resources) Panel – 28 March 2017 – Disposal of Former Ettingshall Primary School site and land at Sweet Briar Road