



North Devon Council

Report Date: 12th September 2022

Topic: Bicclescombe Nursery Site

Report by: Helen Bond Property Manager

1. INTRODUCTION

- 1.1. North Devon Council have owned this site for a number of years, it has now been unoccupied since 2005 and efforts to dispose of the site on the open market since 2007 have not been successful.
- 1.2. The last report to S & R Committee was in January 2021, when the site had exchanged contracts to a local developer, this transaction failed to complete and the purchaser withdrew from the acquisition process.
- 1.3. In September 2021, the Property Manager made a funding application to the Brownfield Land Release Fund for monies to potentially develop the site for Self and Custom Build Housing. This bid was successful and NDC were awarded £500,000.00 for infrastructure works to open the site up and dispose of individual sites for the purpose of self and custom build, The key date being September 2023, but the infrastructure works need to be instigated by March 2023 and the funding budget committed at this point.
- 1.4. The release of this site creates the potential to facilitate a social housing project for the town.

2. RECOMMENDATIONS

- 2.1. The Bicclescombe Nursery Site is passed by disposal of the freehold to the Ilfracombe CLT and the CLT in partnership with the chosen Registered Housing Provider for the development of Custom Build Social Housing in association with Middlemarch as facilitator. With the CLT actively leading the project to enable community development.

3. REASONS FOR RECOMMENDATIONS

- 3.1. To provide potentially 17 units of social housing for Ilfracombe.
- 3.2. To enable the scheme to be developed, the funding obtained by the BLRF to be invested in the property and the outputs of the funding achieved in the defined timescales
- 3.3. To achieve a capital receipt with mitigated risk to NDC
- 3.4. To support the local community with a much needed social housing project

4. REPORT

- 4.1. The Funding Application for the BLRF was undertaken at pace to meet the relevant deadlines. Initially it was intended that should funding be granted the Property Team would seek to employ the funding to resolve some of the

infrastructure issues with the subject site and then release sites for self and custom build at a rate below normal market value.

4.2. On this basis, we would have been looking to sell the sites for up to 15 units for a price in the region of £30k to 50k per plot, which could total up to £450,000.00 to £750,000.00. NDC has over 133 parties on its self and custom build register (10 indicating that Ilfracombe is their 1st to 3rd choice) and there is a distinct lack of these opportunities in the District

4.3. At this stage whilst we have the BLRF funding of £500,000.00, this is not anticipated to be sufficient to resolve all of the infrastructure issues with this site, and funding generated from the disposal of site would need to be employed to deliver all of the plots, thereby substantially reducing the net capital return on market sales and presenting a delivery and financial risk to NDC.

4.4. It is well known that there is a housing crisis in North Devon. Ilfracombe has the added complications of having:

- High numbers of second homes and holiday lets
- Low levels of affordable housing stock
- Zero new affordable homes since 2006/2007.
- Viability issue on the town's allocated strategic extension site resulting in just 10% of affordable housing.
- Poor housing quality within the small amount of remaining private rented sector properties
-

4.5 The Affordable Housing Team confirm that, Ilfracombe have been supported by NDC via Middlemarch since 2019/2020 working on involving the community as well as on site searches but with limited options available. This year they were legally established as Ilfracombe CLT. "Custom-build" can still be achieved through the community-led affordable housing model and in addition Middlemarch's preferred Registered Housing Provider (RP), 'Aster' can attract high levels of external capital grant funding.

4.6 The Planning and Property Teams are mindful that this is effectively a gated community site and that tenure moving forward needs to be blended to create the best environment in order to make the scheme a long term success.

4.7 Middlemarch are confident that a custom build scheme for 100% social rent would work with this scheme. A project consisting of 100% social rented homes for local people would be preferable to including shared ownership. It is the RP view that it is much more difficult to involve potential purchasers in the design/customisation of homes than it is to involve potential customers of the rented homes, particularly with the current mortgage market making it difficult to hold on to a mortgage offer for a long period. It would also be unfortunate to lose one or more of the shared ownership homes over time if and when purchasers

were able to staircase to full ownership of their properties and potentially then sell them on the open market.

- 4.8 NDC engaged with Specialist Regeneration Developers, Igloo Regeneration in order to access advice on how to take this project forward. Self and Custom Build is a specialist type of development and not straightforward to deliver. Igloo's input has been necessary to move the project forward in line with the tight timescales involved – delivery of the first site to the market by September 2023 and spend of the £500,000 grant awarded.
- 4.9 Igloo's option report has been submitted in draft but the Roadmap is still open for discussion.
- 4.10 The Co-Creation workshop; hosted by Igloo, was well supported in terms of local interest and a strong interest was demonstrated by the Fledging Ilfracombe Community Land Trust. Officers involved in the project will work together to produce a framework for the type and tenures of the property and present this to members. This detail will follow in a further Hi-Light Report and take into account Affordable Home delivery and the CLT's interest, as well as delivery viability.
- 4.11 As a priority, the Property Manager has commissioned local architects to commence preparing a Hybrid Planning Application on outline terms but with detailed provisions for the site infrastructure. This scheme is being revised to accommodate the needs of Middlemarch and the CLT. This process has demonstrated how challenging the topography of the site is in terms of the substantial change in levels. The transfer of the site to the CLT as one delivery provider means that the outputs of the fund are more deliverable than individual sites being sold off and the delivery and financial risk to NDC are mitigated.
- 4.12 By starting the process, it enables the application to be processed and the infrastructure works to commence in line with the funding timeline to enable project delivery.
- 4.13 The current scheme being developed looks to achieve 15 units with the addition of 2 units in the existing building, subject to arboriculture and ecological requirements. The homes would all be to the Nationally Described Space Standard.
- 4.14 We have considered the potential to retain the existing building for either NDC retention or for a separate market sale. The location of this building would make its separation from the main site a barrier and create further difficulty to the main schemes development. Its retention also presents a risk to NDC in terms of its delivery, this risk would be discharged if the building is passed to the partnership of Ilfracombe CLT and Aster and would generate a further capital receipt.

- 4.15 This building could be considered by the CLT as a community building, but this is likely to prove difficult from a viability and sustainability perspective, we therefore recommend it is included as two further social housing units to maximise the outputs of the project. It would be the intention of NDC officers, that the CLT retains the freehold in perpetuity, helping to ensure good long-term management by Aster under a long-term lease.
- 4.16 This should include ensuring a workable relationship with the sites future tenants to enable community development to be established. There will need to be careful ongoing consideration of the nature of tenure offered at the site to ensure sustainability in the future.
- 4.17 The disposal of the site to the CLT will satisfy the outputs of the BLRF and the outputs for the funding requirements should be satisfied on the completion of the sale to the partnership of Ilfracombe CLT and Aster. This mitigates the risk to NDC in achieving the required outputs.
- 4.18 The sale will generate a capital receipt based on the Housing Providers exception site plot rates of up to £12,000.00 per plot, potentially up to £204,000.00 where a pair of flats could count as one plot. The price would only be lower than this if advised by formal valuation once the infrastructure works are complete. Subject to the Council having sufficient Community Housing Fund grant, the team can be funded and appointed by ICLT. The RP would bring its own Employer's Agent to provide advice on costs, tendering and management of the build contract. Middlemarch provides technical advice to CLT/RP partnerships for the first year from legal set-up from North Devon Council's Community Housing Fund allocation (Ilfracombe has a firm place on this programme) and recovers its costs thereafter through Collaboration Agreements with RPs. The affordable housing team have been working with Aster on the CLT scheme at Morteheo and Woolacombe CLT scheme as the selected Registered Provider who will be bringing nearly £3m of funding from their own monies as well as the Homes England Affordable Homes Programme into North Devon. Aster have expressed a firm interest in Ilfracombe as well, as the report mentions. The benefit of this is that Aster also have to spend their funding and deliver to tight timescales and it will be in their interest to work to our deadline, mitigating NDC costs going forward, to create what we hope will be an exemplar scheme for the town and NDC.

5. RESOURCE IMPLICATIONS

- 5.1. Financial – securing planning permission. The further financial implications surrounding the potential capital return to the Council are set out in section 4 of this report.
- 5.2. Project Management – implementing infrastructure works

5.3. Legal – Facilitating legal transfer of site

6. EQUALITIES ASSESSMENT

6.1. Please detail if there are/are not any equalities implications anticipated as a result of this report. If so, please complete the Equality Impact Assessment (EIA) Summary form available on Insite and email to the Corporate and Community Services Team at equality@northdevon.gov.uk.

7. ENVIRONMENTAL ASSESSMENT

7.1. Please undertake an Environmental Assessment and complete the checklist (EAC) form available on Insite. If there are no environmental implications arising from your proposals please state that there are none. If after completion of the assessment there are environmental implications please provide a brief summary. If you require any further information please contact the Sustainability and Climate Change Officer. Email completed EACs to donna.sibley@torridge.gov.uk

8. CORPORATE PRIORITIES

8.1. What impact, positive or negative, does the subject of this report have on:

8.1.1. The commercialisation agenda: *We will use our assets, skills and infrastructure to shape and improve public services and enable economic growth in the District.*

8.1.2. Improving customer focus and/or: *Provision of social housing*

8.1.3. Regeneration or economic development: *regeneration of a stagnant site*

9. CONSTITUTIONAL CONTEXT

9.1. Article of Part 3 Annexe 1 paragraph:

9.2. Referred or delegated power?

10. STATEMENT OF CONFIDENTIALITY

This report contains no confidential information or exempt information under the provisions of Schedule 12A of 1972 Act.

11. BACKGROUND PAPERS

The background papers are available for inspection and kept by the author of the report.

12. STATEMENT OF INTERNAL ADVICE

The author (below) confirms that advice has been taken from all appropriate Councillors and Officers: Jaimie Jeyes – Service Lead – Housing Market Balance