

EAST AYRSHIRE COUNCIL

CABINET – 16 JUNE 2010

DISPOSAL OF LAND AT PATRICK FINN COURT, CUMNOCK

Report by the Depute Chief Executive/Executive Director of Neighbourhood Services

1. PURPOSE OF THE REPORT

- 1.1 To advise Cabinet of Shire Housing Association's formal notification that the Association's Board has decided not to develop the site disposed at Patrick Finn Court, Cumnock for the development of affordable new build housing, and to seek authorisation to agree to Shire Housing Association assigning its interest in the missives of sale entered into with the Council to Atrium Homes to enable the proposed development of the site for affordable housing to proceed

2. BACKGROUND

- 2.1 On 24 January 2007, the former Housing Committee declared surplus to requirement an area of land at Patrick Finn Court, Cumnock extending to 3330 square metres (0.823 acres respectively) or thereby (shown hatched on the attached plan), together with two blocks of flats at 1-16 and 17-32 Patrick Finn Court, Cumnock erected thereon, and authorised the disposal of same to Shire Housing Association Ltd.
- 2.2 Following that authorisation missives for the sale to Shire Housing Association at a purchase price of £400,000 were concluded subject to a number of conditions regulating the future development of the site for affordable housing with title transferring to Shire Housing Association in April 2008. In particular the missives contain a provision allowing Shire Housing Association to assign their interest in the missives with the consent of the Council at any time prior to commencement of the Development subject to the Council being satisfied that the Assignee is capable of fulfilling Shire Housing Association's obligations in respect of the Development .
- 2.3 The site at Patrick Finn Court, Cumnock has been identified as suitable for new build development to provide a mix of affordable housing and the development of the site is being progressed with a view to achieving a tender approval before the end of the financial year.

3. CURRENT POSITION

- 3.1 At its meeting held on 25 November 2009, the Board of Shire Housing Association agreed that having calculated the cost to develop, manage and maintain the development, it did not wish to proceed with the development proposals for Patrick Finn Court on financial grounds, and

thereafter formally notified both the Council and the Housing Investment Division of the Scottish Government of its Board's decision that Shire Housing Association would not develop the site.

- 3.2 In the interim, Shire Housing Association has been progressing with the development proposals, so as not to delay the project from being awarded an offer of grant prior to the current financial year end.

4. PROPOSAL

- 4.1 The development proposal allows for the provision of a mix of flats and houses across the site, all for social rent, to include an element of community care housing, all built to Housing for Varying Needs and Secure By Design standards. The proposed housing mix is being developed in response to the needs set out in the East Ayrshire Local Housing Strategy, waiting list and local demand information for housing.
- 4.2 In order to progress with the affordable housing development proposals timeously, it is proposed that the subject to assignation of their interest in the missives that title to the site is transferred from Shire Housing Association to Atrium Homes; an East Ayrshire-based Registered Social Landlord. Atrium Homes and Shire Housing Association have entered into a Framework Agreement with McTaggart Construction to develop a number of identified sites. As Patrick Finn Court forms part of this agreement, a smooth transition may be achieved in the transfer of the development activity from Shire Housing Association to Atrium Homes with the same contractor.
- 4.3 The Scottish Government's Housing Investment Division is supportive of this proposal.

5. CONCLUSIONS

- 5.1 Local authorities have a duty to carry out an assessment of housing needs and provision in their area, and to develop Local Housing Strategies to respond to identified need. The disposal of this site will support the aims and objectives set out in the East Ayrshire Local Housing Strategy and the East Ayrshire Community Plan.

6. FINANCIAL/ PERSONNEL IMPLICATIONS

- 6.1 In order to facilitate the disposal of the site prior to the end of the financial year 2007/2008, Shire Housing Association demolished the two flatted blocks that were sold in situ, all at a total cost of £102,594. The receipt to the Council of £400,000 has been apportioned to the Council's Housing Revenue Account in the sum of £310000 and to the General Services Account in the sum of £90000 to reflect the then proportionate site ownership. In addition the sums expended by Shire Housing Association in demolishing the two blocks has been met from

the Housing Capital Account as this would normally have been treated as an extraordinary development cost and would, given that the properties were erected on that part of the site held on the Housing Account, have been deducted from the Capital Receipt

- 6.2 In order to enable the development to proceed on site the Housing Investment Division of the Scottish Government will provide Atrium Homes with an offer of grant subject to assignation by Shire Housing Association of their rights in terms of the missives and subsequent title transfer. Any costs expended by Shire Housing Association will form part of the overall development costs.
- 6.3 There will be no cost implication to the Council in agreeing to Shire Housing Association assigning its interests in terms of the missives to Atrium Homes and the transfer of the site from Shire Housing Association to Atrium Homes.

7. LEGAL AUTHORITY/ IMPLICATIONS

- 7.1 As the properties and land were held on the Housing Revenue Account, the consent of the then Scottish Executive to the disposal to Shire Housing Association required in terms of Section 12 (7) of the Housing (Scotland) Act 1987 was secured to facilitate the development of affordable housing on site.
- 7.2 As it is proposed to transfer the site to another Registered Social Landlord for the development of the proposed affordable housing, the terms of that consent will be met and the Scottish Government will be advised of this development.
- 7.3 The missives for the sale to Shire Housing Association allow as detailed in section 2.2 of this report for Shire Housing Association to assign their interests in the missives with the consent of the Council at any time up to commencement of the Development subject to the Council being satisfied that the assignee is capable of fulfilling their obligations in terms of the missives in respect of development of the site. The granting of such an assignation and a transfer of title to Atrium Homes will ensure that the development of the site as originally authorised proceeds.

8. POLICY IMPLICATIONS

- 8.1 The development proposals will continue to satisfy identified general and community care housing needs for existing service users in East Ayrshire, and will promote the sustained regeneration of the area, working in partnership with the Housing Investment Division of the Scottish Government and Atrium Homes.

9. COMMUNITY PLANNING IMPLICATIONS

- 9.1 Within one of the four Main Themes of Delivering Community Regeneration, the Community Planning partners seek to promote a wide range of housing which is attractive to people who live in East Ayrshire, recognising the needs of older people, people with a disability and homeless people, so as to provide suitable accommodation for people as they move through their various life situations.
- 9.2 The proposed affordable housing provision for the site at Patrick Finn Court in Cumnock for both general and community care needs housing supports the East Ayrshire Community Plan theme 'Delivering Community Regeneration', through the provision of high quality affordable accommodation, developed to reflect identified housing need within an existing community.

10. RISK MANAGEMENT IMPLICATIONS

- 10.1 The development of new affordable social rented housing seeks to promote and sustain housing standards across East Ayrshire through the provision of high quality new build affordable housing, making a more efficient use of public resources complemented with public sector borrowing so as to meet identified housing need.

11. ASSET MANAGEMENT IMPLICATIONS

- 11.1 The development will facilitate the creation of more suitable facilities and meets the Council's policy objectives in respect of asset management and partnership working. The proposals will enhance the range and supply of affordable housing across East Ayrshire, as set out in the East Ayrshire Single Outcome Agreement and the East Ayrshire Local Housing Strategy.

12. RECOMMENDATIONS

- 12.1 Cabinet is recommended to:
- (i) Agree to consent to the missives in respect of the earlier disposal of the site being assigned from Shire Housing Association Ltd of Netherthird House, 15 Glaisnock Road, Cumnock directly to Atrium Homes of 39/ 41 John Finnie Street, Kilmarnock for the reasons outlined at Paragraph 4.2 of the report;
 - (ii) Authorise the Solicitor to the Council to finalise negotiations for the missives for the site to be assigned;
 - (iii) otherwise note the contents of the report.

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Depute Chief Executive/Executive Director of Neighbourhood Services

CMCA/DB/LA

3 June 2010

BACKGROUND PAPERS

1. Housing Committee Report, 24 January 2007.

For further information, please telephone 01563 576617 and ask for Chris McAleavey, Head of Housing.

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