

REPORT



REPORT OF	MEETING	DATE	ITEM NO
STRATEGIC DEVELOPMENT SERVICES	CABINET	28 TH JUNE 2010	9

HOUSING DEVELOPMENT AT ORDERS LANE, KIRKHAM

Public Item

This item is for consideration in the public part of the meeting.

Summary

New Fylde Housing Association (NFHA), through their developer Ice Blue Developments, are about to commence construction of a low cost housing development on the site of the Henthorne Builders Yard on Orders Lane, Kirkham, close to its junction with Moor Street.

As part of the planning application process, the Council requested some amendments to the scheme which require the co-operation of the Council in granting rights over the adjacent Orders Lane car park, immediately to the south of the access, and the former Citizen's Advice Bureau building, immediately to the north. NFHA and Ice Blue have also agreed that they will undertake improvements to the car park, the site of the CAB building, and the nearby closed WCs.

The development is dependent on external grant funding to the developer. The availability of that grant funding may be jeopardised if the decision about the issues contained in the report, which may affect the viability of the scheme, are not decided at this meeting.

Recommendations

1. Ice Blue Developments are granted a 12 month licence from 5 July 2010 to occupy the Orders Lane car park as a contractor's working compound.
2. New Fylde Housing Association is granted a permanent right to use 4 parking spaces on Orders Lane car park.
3. Ice Blue Developments are granted consent to demolish the former CAB building on Orders Lane, and NFHA given title to the site.

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4. The above consents are made conditional on:

- a. The car park being improved at the end of the 12 month licence agreement.
- b. Following demolition of the former CAB building, the exposed wall of the electricity sub-station is made good and the site landscaped
- c. The closed WC's at Moor Lane are demolished, and the site landscaped and incorporated into the adjoining public space.

Reasons for recommendation

The development furthers the Council's affordable housing policies, and the overall impact will be a substantial improvement to a prominent site in Kirkham town centre.

Alternative options considered and rejected

The Council could seek to maximise income by refusing to grant the requested consents unless it received payments assessed on a commercial basis. In particular, refusal to grant the right to 4 parking spaces is likely to force a reduction in the scale of the development.

This approach will affect the viability of the development, which NFHA informs us is already marginal. It may result in the development, which furthers the Council's housing policies, not taking place, or being reduced in scale.

Cabinet Portfolio

The item falls within the following Cabinet portfolio:

Portfolio Title: Planning

Councillor Name: Cllr Trevor Fiddler

Report

1. The Council's Development Control Committee has recently approved the grant of planning consent for the construction of 26 affordable dwellings on the former Henthorne builders yard at Orders Lane, Kirkham. The Council has supported the scheme for funding from the Homes and Communities Agency, without which the scheme would not be viable, and supports the development as it will help to meet an identified housing need. The Council's housing team supports the development as it will help to meet an identified need for family dwellings and flats. The provision of affordable housing is a corporate priority and this scheme helps to meet that priority and the target for provision of affordable housing. The principle of the regeneration of this site for affordable dwellings is in accordance with Local Plan policies.
2. The Development Control Committee report of 10 May 2010 notes that 4 additional parking spaces are required and that these will need to be provided on the adjacent Council owned car park (shown edged red on the attached plan). It also comments that the adjacent former CAB building (shown green on the attached plan), also in Council ownership *"is vacant and has an unattractive appearance. The scheme proposes the removal of this building to allow a proper width footway to be provided across the frontage to the site, and to present a more open area between the building and the*

town centre to give a more inviting entrance to the pedestrian access to the rear. The front of the substation would then be exposed and so would be clad with a new elevation in brick detail. This is a benefit to the area that can be required by planning condition to allow the necessary legal issues between the council as landowner and the applicant to be resolved"

3. The grant of planning consent will be subject to a s.106 agreement and planning conditions to secure various issues including the additional 4 parking spaces.
4. In addition to the 4 permanent parking spaces, Ice Blue has requested a licence to use the whole of the car park as a contractors working compound for a period of around 12 months commencing on 5 July 2010. The closure is also useful for Health and Safety reasons given its proximity to the building site.
5. The car park is not subject to charging and while it has a two hour parking limit, this is not actively enforced. The Council's Parking Operations Manager has no objection to the permanent loss of 4 parking spaces, or the 12 month closure during the construction period. There is a waste recycling centre on the car park and the Council's Waste Management Section have confirmed that they have no objection to closure of this facility providing they have access to remove the recycling bins and the developer provides signage directing the public to the alternative facility in the nearby Morrisons car park.
6. The former Citizen's Advice Bureau is adjacent to the Henthorne building's northern elevation. It would improve the development if Ice Blue were to demolish the building which will provide better sight lines and widen the footpath. As much of its site would be incorporated into the footpath, it would to the Council's benefit to also transfer title to the site to NFHA. The building has been vacant for some years apart from providing storage for the Town Council's Christmas lights. It is very small and a recent inspection showed it to be in very poor condition; the floor in particular being in danger of collapse. The Council's Principal Estates Surveyor and Head of Technical Services are of the opinion that the cost of upgrading the building to a useable condition is likely to exceed its value, and recommend demolition, followed by transfer of the site to NFHA to avoid maintenance costs.
7. In recognition of the Council granting these rights, Ice Blue has agreed to demolish the vacant and derelict WC building adjoining the important nearby open space site on the corner of Orders Lane and Mill Street which accommodates the town clock and a wine press.
8. The sale and grant of the requested rights comprise a disposal of an interest in land and is subject to the Council's Asset Disposal Policy, which requires the interest to be offered for sale in the open market unless a special purchaser is identified. NFHA and Ice Blue are considered to be special purchasers in this context, and in accordance with the policy, negotiations have taken place directly with them.
9. The Council's Principal Estates Surveyor is of the opinion that there is a modest commercial value in the working compound licence. There may also be a more significant value in the permanent right to four parking spaces for two reasons. Firstly, burdening the site with this permanent right will effectively sterilise any development potential to the car park itself. However, this is considered to be of minimal value because the site is very small for development in isolation and is already affected by a gas main which runs under the centre of the site. In this respect the impact of granting

the right could be minimised by allowing the Council some flexibility in which plots will be reserved for the development.

10. Secondly, the site arguably has a ransom value in that the provision of these parking spaces increases the size, and therefore the value, of the development. A private seller may well take the view that a proportion of that increase in value should be paid to the owner of the parking spaces. The extent of any ransom value is very difficult to assess without access to the developer's appraisal of the scheme, and may be small if it is marginal as stated by the developer.
11. As the Council is supportive of the scheme, it may be considered inappropriate to take a 'ransom value approach' to assessing value. In doing so it should have regard to s.123 of the Local Government Act which states that the best consideration should be obtained, but also to the additional provisions in the Local Government Act 1972 and the General Disposal Consent 2003 which permit the disposal of land for less than best consideration in some circumstances. In the opinion of the Principal Estates Surveyor the benefits of this scheme to the Council's affordable housing policy justify a sale at less than the best consideration.
12. In consideration of the Council agreeing to grant the requested rights free of charge NFHA and Ice Blue have agreed:
 - a) At the end of the 12 month construction period they will re-surface and re-mark the car park, remove the existing wall between the car park and the builders yard, and make good the boundary.
 - b) Make good the exposed gable following the demolition of the former CAB building and surface the site
 - c) Demolish the nearby closed WC building on Moor Street and surface the site.

Risk Assessment

There are some minor risks associated with the actions referred to in this report. Appropriate amendments have been made to the directorate operational risk register to accommodate these risks where necessary.

The principal risk is that in accepting the recommendation the Council will forego an unknown level of capital receipts. This risk is considered to be acceptable because of the substantial policy benefits of the scheme, and because the level of any potential capital receipt is likely to be modest.

Report Author	Tel	Date	Doc ID
Gary Sams, Principal Estates Surveyor	(01253) 658462	23 June 2010	

List of Background Papers		
Name of document	Date	Where available for inspection

Report recommending approval of planning consent for the development, and Committee decision		Development Control Committee Agenda and Minutes for 10 May 2010
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Attached documents

1. Site plan showing:
 - Edged red – Orders Lane Car Park
 - Edged Green – former CAB building
 - Edged blue – former WC's

IMPLICATIONS	
Finance	In accepting the recommendations within the report the Council is foregoing potential capital receipts in respect of the effective disposal at no cost of both the 4 car parking spaces and the land on which the former CAB building currently sits. In return the Council will effectively assist in delivery of the scheme and receive the benefits as outlined in paragraph 12 of the report. In the opinion of the Principal Estates Surveyor the benefits of this scheme to the Council's affordable housing policy justify a sale at less than the best consideration.
Legal	<p>As the report notes, there is a general ministerial consent to the disposal of land for less than the best consideration reasonably obtainable where the difference in value between the best consideration and the consideration at which the land is being disposed is less than £2,000,000. The general consent applies where the authority considers that the disposal is likely to achieve the promotion or improvement of the economic, social or environmental well-being of its area, or part of it.</p> <p>It appears that the disposal of the interest concerned would facilitate the social well-being of part of the area by allowing the housing development on the adjoining land, which is intended to provide accommodation for those in housing need, to proceed. The disposal could therefore proceed under the general consent.</p>
Community Safety	None arising from the report.
Human Rights and Equalities	None arising from the report.
Sustainability and Environmental Impact	The provision of the works identified including landscaping will improve the environmental appearance of the area
Health & Safety and Risk Management	None arising from the report.

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