



Delegated Decision report

Date **1 JUNE 2023**

Title **BROWNFIELD LAND RELEASE FUND (BLRF) – DISPOSAL OF BERRY HILL, LAKE**

Report of **LEADER, STRATEGIC OVERSIGHT AND EXTERNAL PARTNERSHIPS**

EXECUTIVE SUMMARY

1. A bid was submitted to One Public Estate (OPE) in 2021 for Brownfield Land Release Fund (BLRF) grant to carry out works to three sites owned by the Council prior to them being disposed of for housing. The bid was successful and grant amount to £949.8k was received and as a formal agreement with OPE setting out the contractual requirements of accepting the grant had put in place and sealed.
2. Following a marketing exercise contact was made with Registered Providers as the Council's aspiration is to deliver affordable homes on sites it sells.
3. A bid has been received from a Registered Provider that meets the test of best consideration and is in line with the formal grant conditions, therefore approval is sought to dispose of the site.

RECOMMENDATION

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| <ol style="list-style-type: none">4. That the site at Berry Hill, Lake be disposed of to Bidder 3, for the delivery of affordable housing. |
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CONFIDENTIAL/EXEMPT ITEMS

5. Appendix 1 is exempt from disclosure by virtue of paragraph 3 of part 1 of schedule 12A of the Local Government Act 1972 (as amended) as it "relates to financial or business affairs of any particular person", (including the authority holding that information) and is commercially sensitive.

BACKGROUND

6. A bid was submitted to One Public Estate (OPE) in 2021 for Brownfield Land Release Fund (BLRF) grant to carry out works to three sites owned by the Council prior to them being disposed of for housing. The bid was successful and grant amount to £949.8k was received.

Scheme	Grant
Berry Hill, Lake	£619,500
Thompson House, Newport	£135,000
Weston Road, Totland	£195,265

7. The BLRF funding is conditional on it being used for housing purposes and meeting set timelines for delivery. BLRF land has to be released for housing by the end of March 2024.
8. An external marketing exercise was carried out in June 2022 and a number of bids were received. There were no bids from Registered Providers and therefore as the land was to be disposed of to deliver affordable housing contact was made to understand this. Following discussions interest was received from a Registered Provider.
9. The recommendation is to progress with Bidder 3 on the basis that this meets the test of best consideration and the provision of affordable housing, which is in line with one of the Council's key corporate priorities, based on the following reasons:
- The bid to OPE was assessed on the on the basis that the housing would be affordable and delivered by a Registered Provider, therefore this delivers on the bid criteria.
 - Whilst they are not the highest bid the offer from Bidder 2 is questionable due to the assumptions they have used and there is a high likelihood that the value offered would be reduced.
 - Bidder 3 has a track record of building and managing affordable homes on the Isle of Wight and so we are confident that the housing provided will be of a high quality. They also have an office presence and staff on the Island so will be managed effectively.
 - The housing provided will best meet the needs as identified on the housing waiting list.
 - In addition, Bidder 3 could also be considered to meet the test of best consideration given the provision of affordable housing in line with one of the council key priority corporate objectives.

CORPORATE PRIORITIES AND STRATEGIC CONTEXT

10. Within the [Corporate Plan 2021 – 2025](#) there are key areas of activity that will be our main areas of focus for the lifetime of this plan which will need to be central to everything we do as a council.

Provision of affordable housing for Island Residents

11. The Housing Strategy 'vision' is "To enable everyone living on the Island to have a place they call home" Six strategic priorities underpin this vision which in turn shape the desired outcomes in the action plan to prioritise key actions and expected outcomes.

- Strategic priority 1: New housing supply – Ensuring the right supply and mix of new homes and increasing affordable housing delivery through the efficient use of land and capital resources including those the council owns or has control of.
- Strategic priority 2: Housing affordability – Defining “affordability” on the Island through detailed and on-going research of both incomes and housing costs to inform both planning and housing policy going forward.
- Strategic priority 3: Private sector housing – Ensuring that the private housing sector provides enough good quality market housing through support for developers and landlords and, where necessary, robust quality control and regulation.
- Strategic priority 4: Partnerships – Enabling housing associations and our other partners to build more new affordable homes for Island residents while maintaining their current homes to a high standard.
- Strategic priority 5: Homelessness and housing need – Reducing homelessness and rough sleeping through effective prevention work and building a new homeless pathway through property solutions and wrap-around services.
- Strategic priority 6: Special housing needs and vulnerable people – Ensuring that specialist accommodation is available for vulnerable people including primarily extra-care housing for older people and people with disabilities.

Responding to climate change and enhancing the biosphere

The council has set a target to achieve net zero emissions:

- in its business and delivery of services by 2030;
- across the school estate by 2035; and
- as an island by 2040.

12. Bidder 3’s vision for this site is to create a sustainable, diverse, and futureproofed housing scheme that responds to the environmental, social, and economic challenges facing new schemes on the island. They will engage with the Isle of Wight Council, the Parish Council and the local community, to create a high quality housing scheme that is sensitive in scale to the site and provides needed affordable housing. Sustainability is at the top of the Group’s agenda and it believes in the creation of long lasting communities and will be striving to make every home meet the latest Net Zero Carbon standards, ensuring the homes are futureproofed and that residents benefit from a reduction in their energy bills.
13. New homes will have to comply with the New Future Homes Standards (FHS) which are currently in consultation. The FHS aim is to ensure that new homes built from 2025 will produce 75-80% less carbon emissions than homes built under the current Building Regulations. Even though these standards are still at the consultation stage it would be Bidder 3’s intention to meet these standards from the outset with the aim for the homes to be carbon neutral in production and carbon neutral in operation.

Economic Recovery and Reducing Poverty

14. Whilst the disposal does not have a direct impact on reducing the numbers of residents, and especially children, who are living in poverty (particularly those living

in absolute poverty), it will have an indirect impact as the site is being disposed of for affordable housing.

15. The disposal will also support the Council's regeneration ambitions as the sites is brownfield and so will bring this back into use. The building of new homes is a development and investment activity for the Island.

Impact on Young People and Future Generations

16. The decisions the Council makes now not only affect current residents, but may have long term impacts, both positive and negative, on young people and future generations.
17. The disposal of this site will provide affordable housing and that will support families living in good quality homes. The provision of good quality homes improves the life chances of children and young people.

Corporate Aims

18. One of the key areas within the corporate plan is the provision of affordable housing for Island residents. This aims to address the issues arising from the housing crisis and it aims to increase the rate of affordable housing by using public and private assets to increase the availability of housing across the Island.
19. The Corporate plan has set the following as indicator of progress in addressing empty properties on the island:

Increase the number of affordable housing units available by December 2023.

The disposal of this land will directly support the delivery of this objective.

CONSULTATION

20. No consultation is required as this is the disposal of a site owned by the Council.

FINANCIAL / BUDGET IMPLICATIONS

21. Grant has already been received to carry out the works required and dispose of sites identified under BLRF. Work has progressed to identify a bidder and therefore there are no direct financial implications. The costs of disposal will be met from the capital receipt in line with policy. Disposal of the site will save revenue costs for maintenance and upkeep in the future.
22. The Council is free to decide to accept a lower land value to enable the grant to be accessed on Berry Hill as we have Department for Education (DFE) consent in place.

LEGAL IMPLICATIONS

23. The Council has the power to dispose of property under Section 123 of the Local Government Act 1972, which requires it to achieve 'best consideration' in any disposal.

EQUALITY AND DIVERSITY

24. The Council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
25. Under the Equality Act 2010 the Council is required to have due regard to its equality duties when making decisions, reviewing services, undertaking projects, developing and reviewing policies. There are no direct implications.

PROPERTY IMPLICATIONS

26. The disposal of this site will reduce the revenue costs incurred by Property Services as it will no longer need to maintain it.

OPTIONS

27. Grant was accepted from OPE in 2021 to carry out works to sites owned by the Council prior to them being disposed of for housing. The options are:

Option 1: – Dispose of the site in accordance with the OPE grant conditions.

Option 2: – Not to dispose of the site and return the grant funding

RISK MANAGEMENT

Financial

28. There are further rounds of BLRF funding planned and the funds for this are in excess of £150m. If we do not deliver on the grant conditions, it is unlikely we will be successful in future rounds.

Public Relations

29. If we hand back this funding, there is a high risk that the press will publish negative stories about our inability to deliver the sites and loss of grant funds.
30. There is also a risk that we could be criticised for not taking a non-compliant and higher offer for the site. Our response for this should be that the bid was addressing the key priority to deliver affordable housing on a brownfield site and this funding will enable homes to be built.

Due Diligence to ensure bidders can deliver

31. A high level exercise has been carried out, however there is a risk that compliant and non-compliant bidders are unable to deliver the scheme in line with the grant conditions and OPE requirements.

Inability to dispose of the site

32. If we are unable to obtain a suitable bid for the purchase of the land and therefore decide not to sell, we would be required to refund the grant.

EVALUATION

33. Option 1 is being recommended as grant funding has been accepted for this purpose.

APPENDICES ATTACHED

34. Appendix 1 – Bidder submissions (Exempt from publication)

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