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Dear Member

CABINET - THURSDAY, 11 JULY 2024

I am now able to enclose, for consideration at the Thursday, 11 July 2024 meeting of the Cabinet, the following report that has been updated since the agenda was printed.

Agenda No	Item	Page
12.	Disposal of development site at Preston Down Road, Paignton	(Pages 3 - 16)

Yours sincerely

Lisa Antrobus
Clerk

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Meeting: [Cabinet](#) **Date:** [11 July 2024](#)

Wards affected: [Preston](#)

Report Title: [Disposal of development site at Preston Down Road, Paignton](#)

When does the decision need to be implemented? [19 July 2024](#)

Cabinet Member Contact Details: [Alan Tyerman, Cabinet Member for Housing & Finance](#)

Director Contact Details: [Alan Denby, Director of Pride in Place](#)

1. Purpose of Report

- 1.1. To bring the future disposal of the site known as Preston Down Road, Paignton into line with the Council's established Asset Management Strategy, in respect of maximising any benefit to secure wider investment in Torbay, for the people of Torbay, to meet local established priorities.
- 1.2. To rescind the current Decision of Cabinet, dated 21 March 2023, in respect of the sale of the Preston Down Road site with an obligation to dispose only where 50% affordable housing is delivered.
- 1.3. The Council has an ambitious community and corporate plan, including a significant capital programme that requires further investment, including from capital receipts from asset sales such as Preston Down Road, to bring about the full range of benefits for the communities of Torbay.

2. Reason for Proposal and its benefits

- 2.1. The proposals in this report will help the Council unlock the delivery of this key site, whilst generating a maximised capital receipt to support wider development ambitions in Torbay, including the Council's innovative Regeneration Programme which is intended to bring about regeneration principally on brownfield sites in the town centres which will result in delivery of affordable housing.
- 2.2. The revised proposal will secure timely delivery of much needed homes at Preston Down Road providing housing options for local people that are looking to buy or rent a home in the Paignton area. The revised proposal is expected to meet the Council's policy in respect of affordable housing delivery.

- 2.3. Agreement to this proposal will also provide benefits to the local economy, through investment in local contractors, sub-contractors, suppliers and support agencies, generating growth in the local sector.
- 2.4. The proposal will also help to support key elements of our mission to make more of our assets, as well as becoming an efficient, enabling council.

3. Recommendation(s) / Proposed Decision

- 3.1. That Recommendations 3.1 and 3.2 of the decision made by Cabinet on the 21 March 2023 (Minute 458/03/23 refers) be rescinded and that the following be approved in replacement:
 - 3.1.1. That the Chief Executive be given delegated authority to determine an effective disposal strategy which enables the sale of the Preston Down Road; with an objective to secure a disposal which will result in delivery of 30% affordable housing and maximise the sales receipt in a timely manner.
 - 3.1.2. On determination of 3.1.1 above, the Chief Executive be given delegated authority, in consultation with the Cabinet Member for place Development and Economic Growth, to dispose of Preston Down Road.
 - 3.1.3. That the surplus received on the capital receipt from Preston Down Road be ringfenced for the delivery of affordable (including social) housing in Torbay, with a minimum of 50% being ringfenced for delivery of affordable (including social) housing in Paignton.
- 3.2. Additionally if required:
 - 3.2.1. No later than 12 months prior to the expiration of the planning consent for the site, the Director of Pride in Place to bring forward a capital proposal to undertake the minimum works necessary to discharge relevant planning conditions, make a technical start on site and make the planning consent extant, in consultation with the Section 151 Officer, and Cabinet Member for Housing & Finance.

Appendices

Exempt appendix 1: Details of Financial Offers received

Background Documents

- Appointment of preferred bidder for the future development of homes at land located at Preston Down Road, Paignton – Cabinet report dated 23 March 2023 (available here: <https://www.torbay.gov.uk/DemocraticServices/ieListDocuments.aspx?CIId=741&MIId=18620&Ver=4>)

Supporting Information

4. Introduction

- 4.1. At its meeting of 21 March 2023, Cabinet endorsed a proposal to appoint a preferred bidder for the future development of homes on Council-owned land at Preston Down Road, Paignton.
- 4.2. The preferred bidder was a Registered Provider, in conjunction with a private sector development partner who proposed development of the site under a Joint Venture arrangement. The report to the meeting recommended a delegation be provided to the Chief Executive to agree relevant terms and enter into a Development and Sale Agreement with the preferred bidder to facilitate the site's redevelopment based on a policy-compliant tenure split of 30% affordable housing.
- 4.3. During the Cabinet meeting, at the request of the administration (at that time), the decision was amended such that the Chief Executive became obligated to dispose of the site only where the purchaser committed to providing 50% affordable housing. To prevent conflict with planning policy (which only requires 30% in this location), this was to be achieved through 'additionality' – meaning the conversion of an additional 20% open market homes to affordable tenures, through the use of Homes England subsidy.
- 4.4. Officers have attempted to enact this delegation since March 2023.
- 4.5. In detailed negotiation with the preferred bidder, several issues have been raised, which have an impact on the scheme's viability, triggering the need for them to issue an updated reduced financial offer for the site. The issues raised include: current housing market volatility and uncertain sales values; elevated construction costs; the higher than anticipated section 106 contributions required through the planning process; and the fact that a greater level of site abnormalities have now been identified, following some technical due diligence.
- 4.6. The cumulative impact of these issues is that they reduce the viability of the project, even for a planning policy compliant 30% affordable housing mix. Subsequently, the preferred bidder has informally indicated that financial impact of a 50% obligation would be considerable and would necessitate a further reduction in value and receipt, accordingly. Details of the formal offers received is set out in the exempt appendix.
- 4.7. 4.6 After careful consideration, the current administration has concluded that the impact of the reduced sales receipt is too great to continue to require 50% affordable housing to be provided on-site. The issue being that any reduced value generated has a considerable knock-on impact on the Council's ability to invest in other delivery schemes elsewhere. As such, the Cabinet have requested that an updated report be brought to them to formally rescind the existing obligation to sell the site only where 50% affordable housing can be secured, and to outline a new strategy for the site's release. This should seek to secure the maximum receipt that the site can reasonably be expected to generate.
- 4.8. The remainder of this report considers and outlined the necessary changes required to facilitate delivery of the scheme and identify an alternative route to market.

5. Options under consideration

- 5.1. This paper seeks to rationalise the current position, which is to rescind the former Cabinet decision of 21 March 2023.
- 5.2. The rationale to dispose of this site remains in accordance with the original paper. As a result in order to maximise the receipt in a timely manner there is a need to dispose of the site the open market with the benefit of the current planning permission which commits to delivering 30% affordable housing.
- 5.3. The Council is resolute that delivery of this site remains a key priority for the administration, both in terms of generation of a significant capital receipt (that is essential for reinvestment into other affordable housing projects for Torbay), but also in respect of stimulating the market to provide much-needed open market and affordable homes, therefore addressing the needs of the Council's housing strategy.
- 5.4. The alternative option would be to proceed in line with the former Cabinet decision however this would result in a lower capital receipt which would undermine the Council's affordable housing delivery ambitions.

6. Financial Opportunities and Implications

- 6.1. Whilst the ambition to deliver 50% affordable housing would undoubtedly have helped ease the local housing need situation, the reality is that in so doing, it created a wider issue for the Council; both in relation to our partners' ability to deliver the scheme, and our capacity to deliver affordable housing strategic objectives elsewhere in Torbay. To balance its capital and growth programme, the Council relies on a blend of prudential borrowing and capital receipts; when the value of any receipts generated is not maximised, it leads to the difficult conclusion that not all of the wider strategic priorities can be achieved.
- 6.2. In this instance, the receipt from the Preston Down Road site is essential for support of the Council's wider capital programme which is integral to the successful delivery of the Community and Corporate Plan. Without a full receipt from the sale of Preston Down Road, the only alternative would be enhanced prudential borrowing. However, due to currently elevated interest rates, this option remains costly and could jeopardise the Council's ability to deliver the essential affordable housing, regeneration and growth that Torbay needs.
- 6.3. As such, the recommendation is to rescind the previous decision and enable the site to be sold to deliver the policy-compliant 30% affordable housing obligation for such sites.

7. Legal Implications

- 7.1. As the development and sale contract had not been completed with the preferred bidder, there are no adverse legal implications that need to be considered in this instance.

8. Engagement and Consultation

- 8.1. There has not been any engagement with the community in respect of this report. There has been ongoing engagement with the preferred parties from the procurement to explore the potential for an improved deal in light of the strategic need to maximise the receipt from the land sale to enable wider growth opportunities in Torbay.
- 8.2. Additionally, the report author has sought input from the Council's Strategic Head of Asset Management, who has confirmed support for the revised proposal, as follows:
- 8.3. "The Strategic Asset Management Plan outlines the key strategic objectives for our land and buildings over the five years since its adoption up to 2027. The Council's land and buildings should be used and focused on the places where people live and work, maximising opportunities for inward investment and infrastructure that delivers high quality design in our buildings and public realm that increases resilience. It should also allow for flexibility and growth in the local economy, ensuring any new development contributes positively to community amenities and infrastructure.
- 8.4. "Furthermore, the Strategy clearly states unless there is specific approval at Full Council to the contrary, we will always seek to maximise revenue streams and the full market receipt whether by way of freehold disposal or leasehold interest from assets we have classified as investments, surplus, leased estate and other land and buildings. I would consider the land at [Preston Down Road] to fall into these categories. By adjusting the 50% affordable housing requirement down to the Planning Policy compliant 30% will clearly result in the maximisation of the Market Value of the site".

9. Procurement Implications

- 9.1. Rescinding the current decision does not generate any procurement implications.
- 9.2. If additional procurement is necessary as part of the disposal full engagement would be undertaken with the Council's procurement specialists to identify the most appropriate route to ensure a compliant process is undertaken.

10. Protecting our naturally inspiring Bay and tackling Climate Change

- 10.1. The implications of the recommendations in this report to not materially have any greater or lesser impact on the environment, than those of the original decision.
- 10.2. The scheme will result in the loss of green fields to build new homes. The principle of this has already been established; both through the granting of planning consent, which has to meet strict tests in terms of a site's impact on the environment and climate change, and also through the original decision to sell for housing purposes.
- 10.3. All homes – regardless of whether the scheme provides 50% affordable housing, or the policy-compliant 30%, have to meet very high Building Regulations' standards in respect of energy and water use, and their carbon impact.

11. Associated Risks

- 11.1. There are reputational risks arising from the report in that the currently preferred partner may see limited or little value in engaging in Torbay in the near future. This is thought to be unlikely based on the likely housing opportunities to be created from the capital programme.

12. Equality Impact Assessment

Protected characteristics under the Equality Act and groups with increased vulnerability	Data and insight	Equality considerations (including any adverse impacts)	Mitigation activities	Responsible department and timeframe for implementing mitigation activities
Age Page 9	18 per cent of Torbay residents are under 18 years old. 55 per cent of Torbay residents are aged between 18 to 64 years old. 27 per cent of Torbay residents are aged 65 and older.	Homes will still be available for local people, regardless of the tenure profile employed through the scheme's delivery. No age-restrictions were to be emplaced on any of the properties on this site, so no adverse impact expected.	Not applicable	Not applicable
Carers	At the time of the 2021 census there were 14,900 unpaid carers in Torbay. 5,185 of these provided 50 hours or more of care.	Homes will still be available for local people, regardless of the tenure profile employed through the scheme's delivery. No care-specific restrictions were to be emplaced on any of the properties on this site, so no adverse impact expected.	Not applicable	Not applicable
Disability	In the 2021 Census, 23.8% of Torbay residents answered	The scheme will still provide the same number of homes built to	Not applicable	Not applicable

	that their day-to-day activities were limited a little or a lot by a physical or mental health condition or illness.	M(4)(2) standards at 30% affordable housing, as it did with 50% (as the M(4)(2) units are all within the s106 mix). No adverse impact expected.		
Gender reassignment	In the 2021 Census, 0.4% of Torbay's community answered that their gender identity was not the same as their sex registered at birth. This proportion is similar to the Southwest and is lower than England.	No adverse impact expected.	Not applicable	Not applicable
Marriage and civil partnership	Of those Torbay residents aged 16 and over at the time of 2021 Census, 44.2% of people were married or in a registered civil partnership.	No adverse impact expected.	Not applicable	Not applicable
Pregnancy and maternity	Over the period 2010 to 2021, the rate of live births (as a proportion of females aged 15 to 44) has been slightly but significantly higher in Torbay (average of 63.7 per 1,000) than England (60.2) and the South West (58.4). There has been a notable fall in the numbers of live births since the middle of	Homes would still be available for families; although it is recognised that a reduction from 50% affordable to 30% affordable may reduce the chances of local families with new babies or babies on the way being able to secure an affordable home as quickly.	Securing the higher receipt will mean the Council can invest in other strategic housing priorities elsewhere, including at Crossways and Torre Marine. This is significant as the sites are aimed at providing Extra Care Housing for older people; a key component of this is attracting downsizing households to move from their under-occupied family houses to purpose-built older person's	Housing Options / Strategic Housing – ongoing.

	the last decade across all geographical areas.		housing, freeing up those vacated units for other families in need.	
Race	In the 2021 Census, 96.1% of Torbay residents described their ethnicity as white. This is a higher proportion than the South West and England. Black, Asian and minority ethnic individuals are more likely to live in areas of Torbay classified as being amongst the 20% most deprived areas in England.	No adverse impact expected.	Not applicable	Not applicable
Religion and belief	64.8% of Torbay residents who stated that they have a religion in the 2021 census.	No adverse impact expected.	Not applicable	Not applicable
Sex	51.3% of Torbay's population are female and 48.7% are male	No adverse impact expected.	Not applicable	Not applicable
Sexual orientation	In the 2021 Census, 3.4% of those in Torbay aged over 16 identified their sexuality as either Lesbian, Gay, Bisexual or, used another term to describe their sexual orientation.	No adverse impact expected.	Not applicable	Not applicable
Veterans	In 2021, 3.8% of residents in England reported that they	Theoretically, affordable housing is more likely to be available to	Securing the higher receipt will mean the Council can invest in other strategic	Housing Options /

	had previously served in the UK armed forces. In Torbay, 5.9 per cent of the population have previously serviced in the UK armed forces.	former service personnel and their families, as there is a degree of preference awarded to such households when they join the housing register. With fewer on-site affordable homes, there is therefore an argument that the chances of former service families securing a home is slightly reduced.	housing priorities elsewhere, including at Crossways and Torre Marine. This is significant as the sites are aimed at providing Extra Care Housing for older people; a key component of this is attracting downsizing households to move from their under-occupied family houses to purpose-built older person's housing, freeing up those vacated units for other families (including former service families) in need.	Strategic Housing – ongoing
Additional considerations				
Socio-economic impacts (including impacts on child poverty and deprivation)		Homes will still be provided for families, albeit it is recognised that fewer of these homes will be for affordable housing. Affordable housing priority groups include households on low incomes, and so there is an adverse impact to this group	Securing the higher receipt will mean the Council can invest in other strategic housing priorities elsewhere, including at Crossways and Torre Marine. This is significant as the sites are aimed at providing Extra Care Housing for older people; a key component of this is attracting downsizing households to move from their under-occupied family houses to purpose-built older person's housing, freeing up those vacated units for other families in need.	Housing Options / Strategic Housing – ongoing
Public Health impacts (Including impacts on the general health)		No adverse impact expected.	Not applicable	Not applicable

of the population of Torbay)				
Human Rights impacts		No adverse impact expected.	Not applicable	Not applicable
Child Friendly	Torbay Council is a Child Friendly Council, and all staff and Councillors are Corporate Parents and have a responsibility towards cared for and care experienced children and young people.	Theoretically, a higher proportion of cared for and care experienced households are likely to be eligible for affordable housing, than secure homes for private rent and sale etc. A reduction in on-site affordable housing on this site could therefore reduce housing options for this cohort.	Securing the higher receipt will mean the Council can invest in other strategic housing priorities elsewhere, including at Crossways and Torre Marine. This is significant as the sites are aimed at providing Extra Care Housing for older people; a key component of this is attracting downsizing households to move from their under-occupied family houses to purpose-built older person's housing, freeing up those vacated units for other families in need.	Children's Services / Housing Options / Strategic Housing – ongoing

13. Cumulative Council Impact

13.1. None

14. Cumulative Community Impacts

14.1. None

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