

Record of Decisions

Disposal of development site at Preston Down Road, Paignton

Decision Taker

Cabinet on 11 July 2024.

Decision

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 That Recommendations 3.1 and 3.2 of the decision made by Cabinet on the 21 March 2023 (Minute 458/03/23 refers) be rescinded and that the following be approved in replacement:

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.

1.2 On determination of 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.

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.

2. Additionally if required:

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.

Reason for the Decision

To secure timely delivery of much needed homes providing housing options for local people that are looking to buy or rent a home in the Paignton area. The revised proposal was also expected to meet the Council's policy in respect of affordable housing delivery.

Implementation

This decision will come into force and may be implemented on 22 July 2024 unless the call-in procedure is triggered (as set out in the Standing Orders in relation to Overview and Scrutiny).

Information

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.

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. A delegation was 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.

During the Cabinet meeting, the recommendation 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.

Officers have attempted to enact this delegation since March 2023. In detailed negotiation with the preferred bidder, several issues had been raised, which had an impacted upon 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 had been identified, following some technical due diligence.

The cumulative impact of these issues was 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.

After careful consideration, the impact of the reduced sales receipt was too great to continue to require 50% affordable housing to be provided on-site. The issue being that any reduced value generated had a considerable knock-on impact on the Council's ability to invest in other delivery schemes elsewhere (including, for example, the Crossways regeneration scheme in Paignton, Torbay Road and Station Square public realm).

As such, a decision was sought 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.

At the meeting Councillor Tyerman proposed and Councillor Billings seconded a motion that was agreed unanimously by the Cabinet, as set out above.

Alternative Options considered and rejected at the time of the decision

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 capital programme delivery ambitions.

Is this a Key Decision?

No

Does the call-in procedure apply?

Yes

Declarations of interest (including details of any relevant dispensations issued by the

Standards Committee)

None

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12 July 2024

Signed: _____ Date: _____
Leader of Torbay Council on behalf of the Cabinet