| **Proposed disposal of NNDC land for Affordable Housing** | |
|---|---|
| **Executive Summary** | This report sets out a proposal to dispose of two pieces of NNDC owned land in Edgefield and Mundesley for the development of affordable housing. |
| **Options considered** | - Retain sites – will not result in more affordable housing or a capital receipt for NNDC, and would mean ongoing costs for maintenance of the sites<br>- Sell on the open market – unlikely to result in sale given the restrictions on the sites, unlikely to provide affordable homes<br>- Dispose of sites to Registered Providers to deliver new affordable homes - recommended |
| **Consultation(s)** | District Councillor for Stody Ward<br>Portfolio Holder for Housing and Peoples' Services (and ward councillor for Mundesley Ward)<br>Estates and Property Services |
| **Recommendations** | It is recommended that Cabinet:<br>- Agrees that the plots of land in Edgefield and Mundesley are surplus to requirements<br>- That NNDC enters into an option agreement with Flagship Housing (subject to Planning Permission) for sale of the land in Mundesley to be developed for affordable housing.<br>- That NNDC enters into an option agreement with Broadland Housing (subject to Planning Permission) for sale of the land in Edgefield to be developed for affordable housing. |
| **Reasons for recommendations** | The development of these pieces of land offers the opportunity to make better use of land to deliver badly needed affordable homes and to reduce the current revenue liabilities at the sites. |
| **Background papers** | Land Disposal at Edgefield - Cabinet 16 April 2018 |

| | |
|---|---|
| **Wards affected** | Stody and Mundesley |
| **Cabinet member(s)** | Cllr Fredericks, Portfolio Holder for Housing and Peoples' Services |
| **Contact Officer** | Nicky Debbage, Housing Strategy & Delivery Manager, nicky.debbage@north-norfolk.gov.uk |

| **Links to key documents:** | |
|---|---|
| Corporate Plan: | Meeting our Housing Need. |

| | |
|---|---|
| Medium Term Financial Strategy (MTFS) | New affordable homes will help the council tackle housing need and potentially reduce the cost of temporary accommodation for homeless households the Council has a duty to accommodate |
| Council Policies & Strategies | NNDC Housing Strategy 2021-2025 |

| **Corporate Governance:** | |
|---|---|
| Is this a key decision | Yes |
| Has the public interest test been applied | Yes |
| Details of any previous decision(s) on this matter | NA |

## 1. Purpose of the report

1.1 This report sets out proposals to dispose of two pieces of NNDC owned land in Edgefield and Mundesley for the development of affordable housing.

## 2. Introduction & Background

2.1 The two pieces of land considered in this report are very different, but both could enable development of badly needed affordable homes.

**Edgefield**

2.2 The land in Edgefield adjoins the existing Broadland Housing Association (BHA) Exception Scheme (affordable homes built in what is deemed as Countryside in Planning Policy). Thie existing development is a mixed tenure Exception Scheme built on land also purchased from NNDC (plus some additional private land) and includes 12 affordable homes, which were completed in 2021/22. This development was part of the five Exception sites delivered through a single Section 106 agreement between 2018 to 2021.

2.3 An option for a second parcel of land (to the south of the first site) at Edgefield was agreed by NNDC Cabinet in 2018. The option was to be for disposal of the land to BHA for affordable housing, giving them five years until 2023 to exercise the option. Whilst Cabinet agreed taking an option forward with BHA, the option was not put in place.

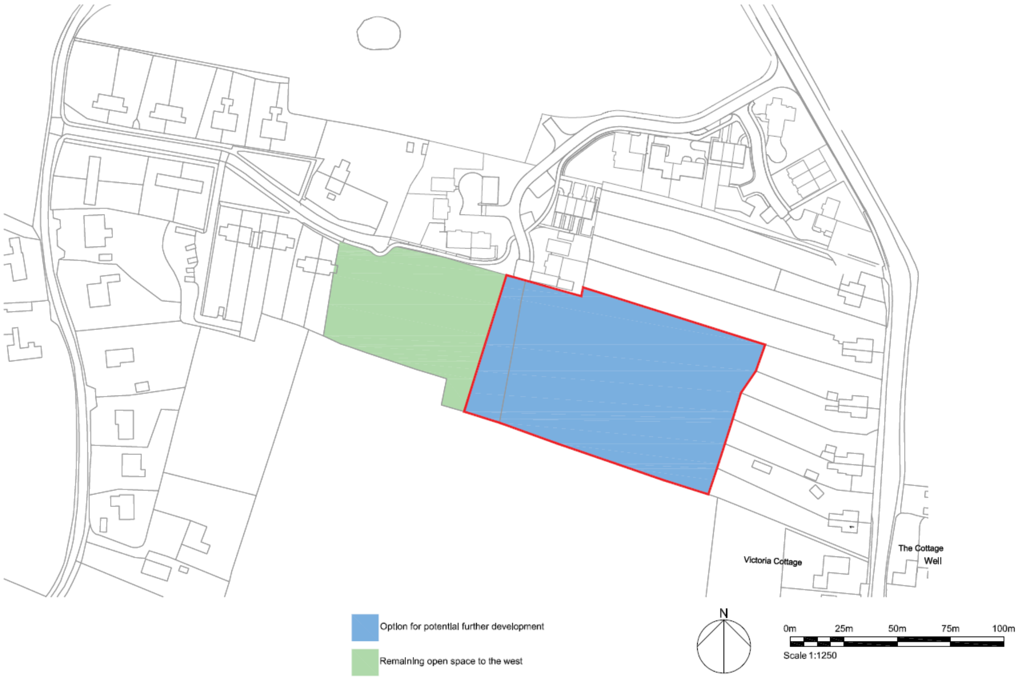
2.4 In 2019, BHA and NNDC attended Edgefield Parish Council to discuss the first development which was then under construction, and the possibility of a further affordable housing site for the village. The Parish Council indicated they were not supportive of further development and subsequently BHA advised that they would wait to decide whether to take a further proposal forward. In 2021, after completion of the development at Edgefield, BHA wrote to the Parish Council agreeing to put proposals for further development on hold until local housing need supported it.

2.5 After further correspondence Edgefield Parish Council notified NNDC of a ‘Greening Edgefield’ proposal for the parcel of land and discussion began about leasing the land in the short – medium term (3 or 5 years) to the Parish Council. However, in May 2024 the Parish Council wrote to NNDC advising that they had formally voted against proceeding with the project.

2.6 The site, shown on the plan below, consists of two parts. It is proposed that the option with BHA would cover the area to the East side (shaded blue). This would include the land that was previously let on a lease/tenancy. Currently there is a hedge demarking the end of the previously tenanted land, but the area proposed for the option would also include a small strip to the West to be to allow for road access from the existing BHA development.

2.7 The area of land covered by the option (the blue area on the plan) is approximately 2 acres / 0.8 hectares, and indicative layout sketches from BHA show that around 20 homes could be built on this site.

Edgefield land




2.8 It is proposed that the remaining land to the West, shaded green on the plan and which includes a play area, would be retained by NNDC. The Council will propose to Edgefield Parish Council that they lease or take on the ownership of the green land, however this has been proposed before but did not proceed as there was not full support from the PC.

2.9 Given the sensitivities with this site, it is proposed the agreement with BHA for purchase of the land would be a 10-year option (and subject to achieving Planning Permission). This would allow for proper consultation with the parish and building of support for further affordable housing on the site.

2.10 As this site is in the Countryside Policy Area it could only be developed as an Exception Scheme to meet local housing need in accordance with Policy H03 of the Local Plan. This policy does allow for the inclusion of some market homes on the site to help subsidise the affordable homes. At this stage we do not know what the tenure split of homes on the site would be, that detail would emerge though consultation and be confirmed at the Planning stage.

Affordable homes on the site would meet the local housing need of Edgefield and the adjoining parishes of Briston, Corpusty, Hempstead, Little Barningham, Plumstead and Stody. Analysis of the Council's Housing List shows that there is sufficient local housing need to support a second phase of the Edgefield Exception Scheme – there are currently 79 households on the Council's list with a local connection to Edgefield or an adjoining parish, 64 of whom have an A-C (the strongest) local connection.

**Mundesley Bowls Club**

2.11 In the summer of 2024 Mundesley Bowls Club approached the Council seeking to dispose of a small plot of land at their Bowls Club site for affordable housing. The Bowls Club's clubhouse is currently on this land and the building needs to be replaced. The clubhouse also currently encroaches onto part of the NNDC owned land.

2.12 In isolation, the Bowls Club plot would only be large enough for one property, and the current access route would be likely to mean the site is unsuitable for any residential development. The adjoining land (highlighted on the plan below in red) belongs to NNDC. Again, this plot is small (0.13 acre) difficult to access, and on its own very difficult to develop.

2.13 However, the adjoining land, to the North of NNDC's and the Bowls Club's, is owned by Flagship Housing. Flagship wish to redevelop their garage court area at Munhaven Close to provide new affordable homes. Inclusion of the NNDC land and Bowls Club land would give greater scope for development. The wider area for redevelopment is shown in the second plan – outlined in red

2.14 Initial indications, given the central village location (which is also close to the GP surgery), is that the site would be suitable for the development of affordable homes for older households.

2.15 The Bowls Club have proposed that they will gift their land in return for a new club house, which Flagship will fund and build on the bowling green site to the south of the existing clubhouse.

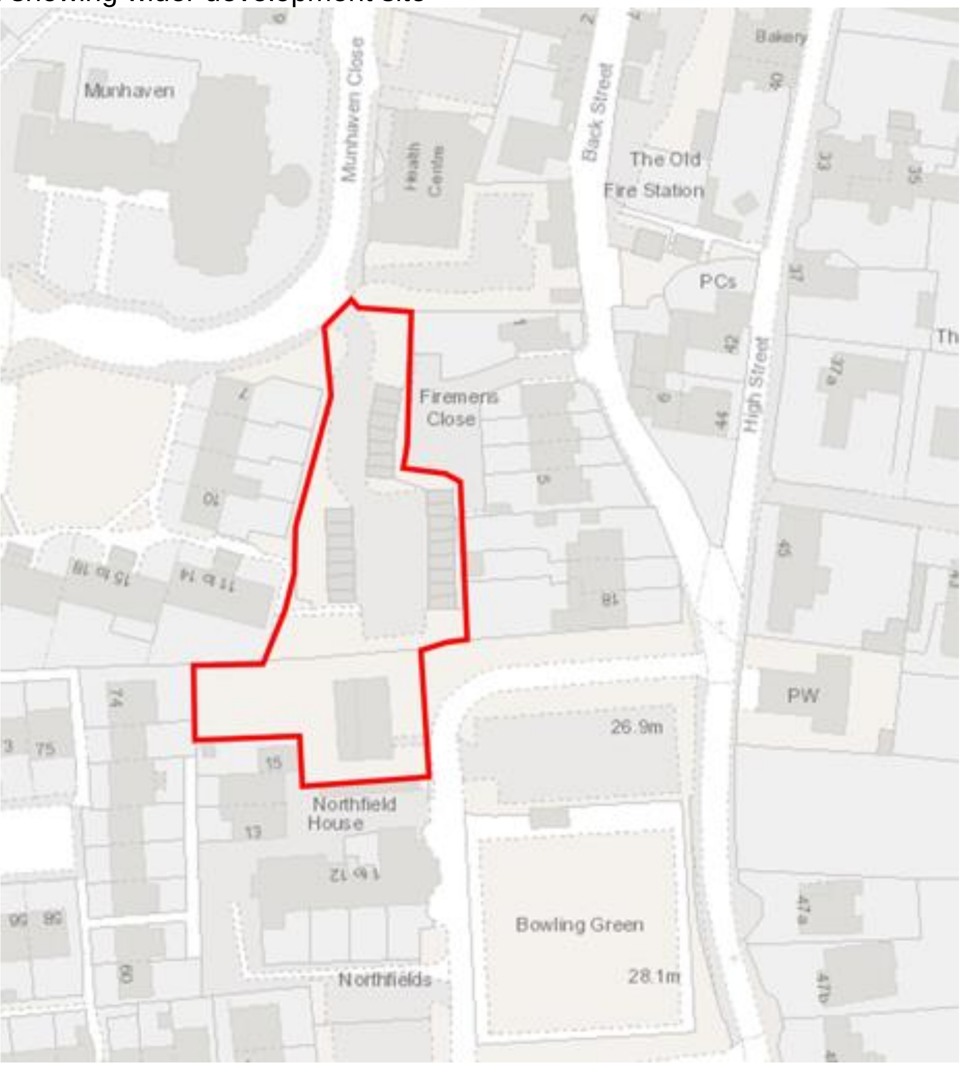
2.16 Mundesley, in the emerging Local Plan, is a large growth village. New affordable homes built in Mundesley would be for those in the highest housing need. Need for Mundesley is high, there are currently 959 households on the Council's housing list who have said they want to live in Mundesley.

2.17 Flagship have drawn up some initial plans of how the sites would be redeveloped These indicate that the whole redevelopment (including the current Munhaven garage area) could deliver 11 bungalows, with between four and six of these on the NNDC land.

2.18 It is therefore proposed to enter into a 5-year option for sale of the NNDC land to Flagship housing for development of affordable housing (subject to achieving Planning Permission).

Plan showing NNDC owned land


Plan showing wider development site



## 3. Corporate Priorities

The development of these sites has the potential to deliver new affordable homes helping the council deliver its key corporate priority – Meeting our Housing Need.

## 4. Financial and Resource Implications

4.1 This sale of both sites has the potential to generate a capital receipt, whereas retention of the land will leave the Council with future maintenance liabilities for grounds maintenance.

4.2 **Edgefield** - The land at Edgefield is in the Countryside and therefore the only acceptable development for Planning Policy on this land would be a Rural Exception Scheme. There is a standard benchmark land value for exception sites – which we aim to adhere for all landowners of exception site land to keep land value relatively low and ensure viable delivery of affordable homes. The benchmark value is £10k per plot for affordable homes and £15k for market homes (which tend to be on larger plots). This was the basis of the disposal of the first site at Edgefield and remains the relevant valuation approach.

4.3 At this stage we do not have a development mix for Edgefield so an accurate valuation of the site on a per plot basis is not possible. However, on the basis of 20 homes being built, the minimum receipt for the site would be £200k. An independent valuation will be obtained for the site.

4.4 It is difficult to accurately give the current maintenance costs of this site as all grass cutting is included in one annual amount. However, based on the size of the site the estimated cost is £400 per annum – N.B. the majority of the land to be transferred (to the East of the hedge) is not currently maintained by NNDC.

4.5 **Mundesley** – This site is within the development boundary of Mundesley so theoretically has a market value for residential development. To ensure best value an independent valuation of the site has been obtained – both of the unfettered open market value of the site and the value if use were restricted to affordable housing. The Council can sell an asset at less than open market value, if the Council formally considers the social, environmental and economic wellbeing to doing so are a contributing factor, and there is a difference of no greater than £2m in value.

4.6 The valuation looks at the whole development site (NNDC, Bowls Club and Flagship land) and on the basis of a policy compliant development of 11 units the total site value would be £210,000 (£19,090 per plot). The NNDC land unlocks the development of, depending on design, 4 or 6, therefore an equivalent market value of £76k - £115k.

4.7 However, the valuation also concludes that if the development is 100% affordable the land value is £0. NNDC will need to consider if we wish to sell the land to Flagship or transfer for no receipt. The social value of affordable housing can be clearly demonstrated, especially with current acute levels of housing need. The independent valuation information demonstrates that the difference between open market value and the value of the site for affordable housing is not greater than £2m.

4.8 It is difficult to accurately give the current maintenance costs of this site as all grass cutting is included in one annual amount. However, based on the size of the site the estimated cost is £400 per annum

**Comments from the S151 Officer:**

> Disposal of the parcels of land for social housing is practical since the market value is diminished by planning restrictions and access. The revenue savings are minimal but the capital receipts could mitigate funding the capital program with 20 year borrowing costs of circa 9%, for interest and minimum revenue provision (MRP). Should the registered providers offer lower capital receipts then nomination rights could be explored to gain some value for the Council

## 5. Legal Implications

The Council can offer the sites for sale by treaty to Broadland (Edgefield) and Flagship (Mundesley) subject to planning consent with an option agreement allowing them time to gain planning consent. In the case of Edgefield, we recommend the option period should be 10-years to allow for greater community consultation. In the case of Mundesley we recommend a 5-year option period. Legal support will be required to provide the option agreement and identify any known constraints to sale for development of the site.

**Comments from the Monitoring Officer**

> The Council has a duty to consider best value when disposing of land. If disposing of land at less than market value, the General Disposal Consent 2003, allows for such, where the undervalue does not exceed £2m, and where it promotes social, economic or environmental well-being of residents in the district.
>
> The legal team may be able to assist with queries and drafting of option agreements.

## 6. Risks

There are reputational risks to taking forward development of these sites without local support. The use of 5- or 10-year options allows for proper consultation and local support to be gained.

## 7. Net ZeroTarget

No direct implications

## 8. Equality, Diversity & Inclusion

No direct implications

## 9. Community Safety issues

No direct implications

## 10. Conclusion and Recommendations

The development of NNDC owned land at Edgefield and Mundesley provides an opportunity to work with partners to deliver badly needed affordable homes, to generate considerable capital receipts and to reduce revenue liabilities at the sites. It is therefore recommended that Cabinet:

- Agree that the plots of land in Edgefield and Mundesley are surplus to requirements
- That NNDC enter into an option agreement with Flagship Housing (subject to Planning Permission) for sale of the land in Mundesley to be developed for affordable housing.
- That NNDC enter into an option agreement with Broadland Housing (subject to Planning Permission) for sale of the land in Edgefield to be developed for affordable housing.