

EAST RENFREWSHIRE COUNCILCABINET22 June 2017Report by Director of EnvironmentTRANSFER OF BLACKBYRES COURT, BARRHEAD FROM GENERAL FUND TO
HOUSING REVENUE ACCOUNT**PURPOSE OF REPORT**

1. The purpose of this report is to seek Cabinet approval to transfer the land at Blackbyres Court from the General Fund (GF) to the Housing Revenue Account (HRA) at nil cost, for the purpose of building 19 properties for rent by East Renfrewshire Council. Cabinet approval is also sought for the future use of the land to be restricted for social housing only.

RECOMMENDATIONS

2. The Cabinet is asked to approve:
- (a) the transfer of the land at Blackbyres Court from the General Fund (GF) to the Housing Revenue Account (HRA) at nil cost, for the purpose of building 19 properties for rent by East Renfrewshire Council; and
 - (b) that the future use of the land at Blackbyres Court is restricted in perpetuity to social rented housing.

BACKGROUND AND REPORT

3. Single Outcome Agreement number three sets out the Council's desire that East Renfrewshire is a thriving, attractive and sustainable place for businesses and residents. To help achieve this it is important that the Council ensures a supply of good quality and affordable housing opportunities are available to all.

4. In November 2016 the Council approved in principle and subject to consultation a proposal to build up to 120 new council houses over the next 3 to 5 years to be owned and managed by East Renfrewshire Council. The Cabinet also noted the intention to expand this proposal if it proved possible.

5. The proposal contained within this report will provide appropriate land to allow Council house building to proceed.

6. In 2004/05, the Council was awarded around £400k from the European Regional Development Fund (ERDF) to assist with the costs associated with the demolition of a block of flats at Blackbyres Court and subsequent land remediation works. A copy of the title plan associated with this site is attached as Appendix 1 to this report. The area owned by the Council is outlined in black.

7. The Council began marketing the cleared site in October 2006 for Class 4 business use and subsequently agreed to sell it to Portal Holdings (Scotland) Ltd in October 2007 for 3 office pavilions to be built.

8. In May 2008 the Council agreed to the developer's request to phase the development whereby they would take title for the site after completion of two out of three development phases and stagger the payment of acquisition costs.

9. By 2009 however, due to the worldwide economic downturn and marked changes in local market conditions, the developer was unable to proceed with the transaction and withdrew interest.

10. The Council's signage has remained in place at the site advertising that it is available for commercial use. However, some 7 years later there have been no expressions of interest from any potential developers.

11. In September 2016 a feasibility study was commissioned to establish the potential for the Council to retain the site and build housing for social rent.

12. The study concluded that 12x3 bedroom and 1 x 4 bedroom semi-detached/terraced houses plus 6 x 1 bedroom cottage flats could be accommodated within the site boundary.

13. As the site had benefitted from ERDF funding, clarification was sought from the Scottish Government regarding any potential funding clawback.

14. On 24 October 2016 the Scottish Government's 'European Structural Funds' noted the attempts made by the Council to fulfil the original purpose of the ERDF grant and the difficulties experienced due to the economic downturn.

15. The Scottish Government advised that, if the Council were to progress with a housing development prior to the cessation of the conditions of grant (i.e. 31 December 2016) then it would be required to inform the European Commission and there would be a possibility that there could be claw back of grant.

16. Given that building for this site is scheduled to commence in 2018, there is therefore no risk of any previous grant being clawed back.

FINANCE AND EFFICIENCY

17. Scottish Government guidance in relation to transfers of assets between the HRA and GF (published March 2016) advises that councils have the discretion to deal with them as they deem appropriate.

18. In determining whether a transfer should take place and whether the transfer should be at a cost it is necessary to take into account "best value".

19. Best value does not automatically equate with market value. The guidance notes that "On some occasions the market value test would not be met, however, the Council will determine that the transaction does in fact represent "best value" as the supply of social housing in the area is increased" (paragraph 19).

20. In such a case it is necessary for the Council to demonstrate

- That disposal of the site fits with the Council's strategic housing context (i.e. that a below market value disposal can be justified)
- The site value and anticipated disposal value
- That appropriate consultation has taken place (paragraph 20)

21. The Council is of the view that these criteria are met and furthermore no capital receipt has been assumed for this land in the Council's Capital Programme.

22. The land at Blackbyres Court was previously valued at around £200k. However, as at 2 September 2016, the District Valuer stated the value of the land, subject to the assumption that the future use is restricted in perpetuity to social rented housing, is £20,000.

23. As there is a substantial demand for social housing in the area, the transfer of the site from the General Fund to the Housing Revenue Account for the development of social housing at nil value would be appropriate.

CONSULTATION

24. Housing Services wrote to all Tenants and Residents Associations to consult on the proposal to transfer the Blackbyres Court site from the General Fund to the Housing Revenue Account at nil value. There were no objections to this proposal and Auchenback Tenants and Residents Association formally supported the proposal.

PARTNERSHIP WORKING

25. This report has been produced in consultation with colleagues from Legal Services, Property and Technical Services, and Accountancy Services.

IMPLICATIONS OF THE PROPOSAL

26. There are no staffing, IT, equality or sustainability implications directly associated with this report. Transfer of this site to the HRA will result in the loss of an asset to the General Fund.

CONCLUSIONS

27. By developing this site the Council will:

- Provide a mix of 1 bed cottage flats and 3 and 4 bed family sized terraced homes to address housing need and demand;
- Make a positive contribution to a site which has been unoccupied for over ten years; and
- Encourage development of mixed retail, leisure and commercial purposes in the area.

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Director of Environment

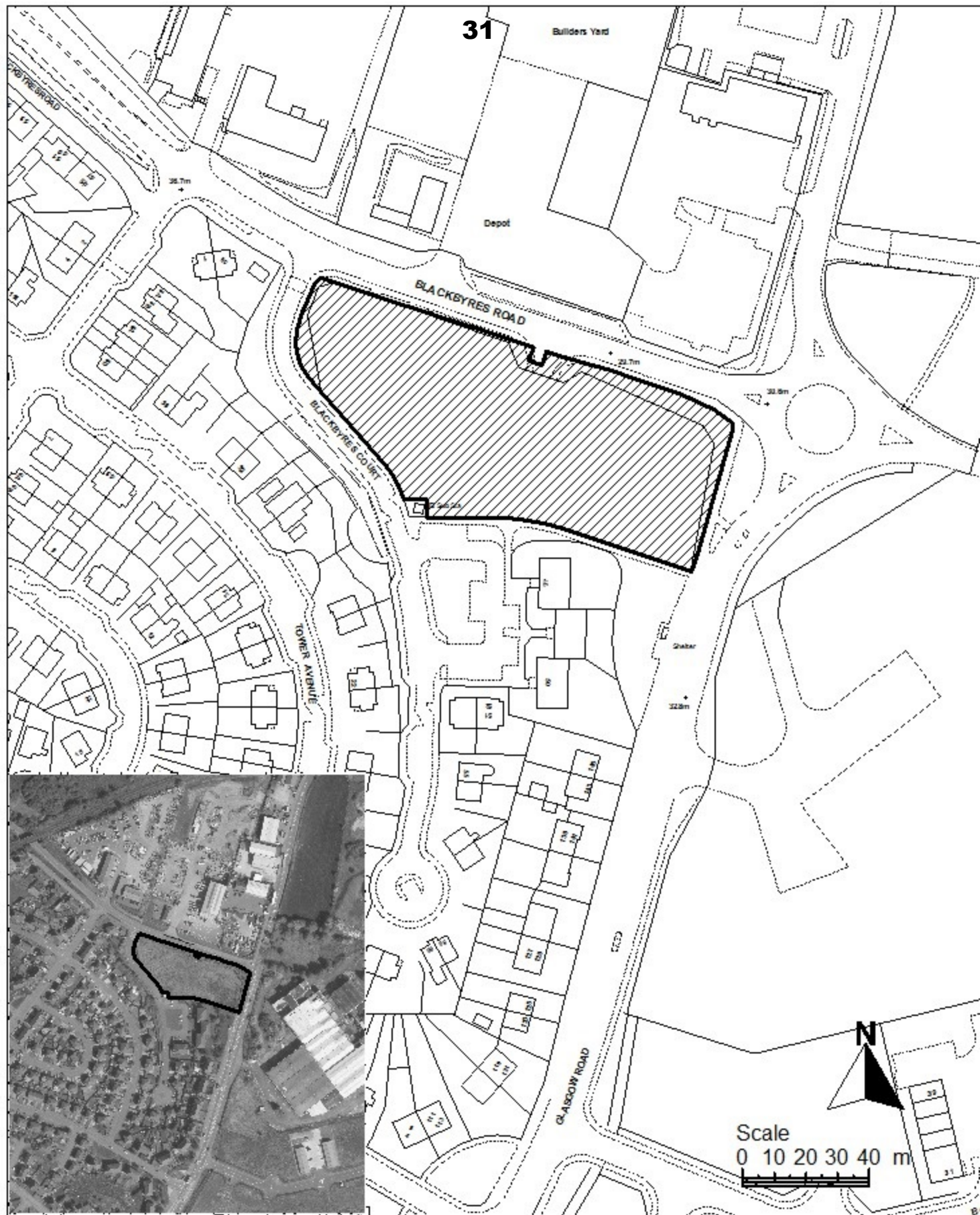
Further information can be obtained from Philip Daws, Head of Environment (Strategic Services) 0141 577 3186 or phil.daws@eastrenfrewshire.gov.uk

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May 2017



Land at Blackbyres Court, Barrhead



MAP REFERENCE: NS5059NE

DATE: 02/05/2017

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