

## **Examination into the City Centre and University Area Action Plan – January 2010**

### **Plymouth City Council's Response to supplementary information requested by the Inspector regarding Affordable Housing**

Following the Examination Hearings held on the 26<sup>th</sup> January, 2010, the Inspector has raised the following issue with the Council:

“In the discussion on affordable housing, it was put to the Council whether the three Strategic Sites were better placed than non-strategic sites to absorb the additional costs of affordable housing because of the nature of the landownership, (namely the Council being the landowner or a major landowner). The Council responded that was not the case because the Council had a statutory obligation to achieve “best consideration”.

Circular 06/03 (*Local Government Act 1972 general disposal consent [England] 2003 disposal of land for less than the best consideration that can reasonably be obtained*) indicates local authorities have flexibility to dispose of land for less than best consideration where it is likely to contribute to the achievement of certain “well-being” objectives (see the Annex, paragraph 2).

Please could the Council clarify:-

1. Whether the content of the Circular is in principle applicable to land owned by the Council at the three Strategic Sites and if it is;
2. The Council's views on the matter.”

### **Council's Response**

The Council would like to make the following points in response to the two questions raised by the Inspector:

1. *Does the consideration apply to the three strategic sites in principle?*

In relation to each of the Strategic Sites as set out in the AAP, the Council believes the provisions of the Circular 06/03 apply in the following ways:

- **Proposal CC08 Colin Campbell Court** - applies in part. The Council does not own the freehold of the entire site.
- **Proposal CC14 North Cross and the Railway Station** - applies in part. The Council does not own the freehold of the entire site.
- **Proposal CC11 Cornwall Street** - Seems to apply as the Council is the freeholder. But it should be noted that the site is tied into complicated lease arrangements. Disposal would not, therefore be a simple matter, as

for example would be the case with the disposal of an undeveloped greenfield site.

## *2. Council's views on the matter.*

The Council does not believe that Circular 06/03 changes the reasoning behind our approach on the three strategic sites, and therefore believes that the approach set out in the submitted AAP is sound.

The provisions in Circular 06/03 illustrate that there are a wide number of ways in which mechanisms can be used to maximise the viability of these strategic sites. It does not affect the Council's position that the delivery of these sites will require the reconciliation of a great number of factors, and that the Council's priority for their delivery is the role they will play in the transformation of the City Centre into a successful regional destination.

As indicated at the Hearings on 26th January, one of the tools which may be at the Council's disposal in assisting with the delivery of these sites is its role as freeholder of all or some of the sites - ie its ability to influence a future developer's plans for the site. As explained, however, this does not automatically mean that the Council will be disposing of these sites at a price which allows the creation of at least 30% affordable housing, even if that were feasible - something that will not be clear until the detailed site proposals are clearer allowing a full understanding of viability issues. In fact, it would be wrong for the AAP, or for the Council, to make any statements now which could affect its negotiations regarding these sites at a future date which could be up to 10 years away.

**It should here be noted that it would be wrong for an AAP produced by the Council in its role as Local Planning Authority to attempt to directly formulate policy based on assumptions regarding the value the Council in its role as landowner may or may not gain from disposal of its assets. It is suggested that for the Council to act in this way would represent a breach of probity.** This is certainly not what the Council was suggesting at the hearings on 26th January, and the strategic proposals have not been devised with any assumptions regarding the Council's powers as landowner.

It should also be noted that Circular 06/03 sets out a very general power a Local Authority can use when disposing of assets. In the case of the three strategic sites, it is not clear what the delivery mechanism may be. It may be that the most appropriate path to delivery will be through a development agreement with the Council retaining the freehold but granting a lease. It may also be that the most appropriate path to delivery will be through an asset backed vehicle involving the Council. It should also be noted that the most appropriate delivery mechanism for one of the strategic sites may not be the most appropriate for another. It should be stressed that no decision has been made on what the most

appropriate delivery vehicle for any of the three sites should be, and such a decision cannot at the present time be expected to be made. Until this is known, the precise details of how that vehicle will deal with the delivery of such complex issues cannot be surmised, and again should not be used to make policy decisions.

It is clear, therefore that there is not yet sufficient certainty over the development vehicle for any of the three strategic sites to comment on whether the provision of Circular 06/03 may be appropriate to the delivery of future proposals. Moreover, it would not be appropriate for an AAP to set out such detailed delivery arrangements, given the role of an AAP as a strategic framework for change. It is for this reason that the Council has developed an approach to affordable housing on the three strategic sites which prioritises delivery of the AAP's key regeneration and placemaking objectives and maximises flexibility, as set out in Council Statement 02.

Finally, it should be noted that the Council has clearly set out that its priorities for the strategic sites are to put in place the ingredients necessary for the delivery of the City Centre & University AAP objectives, not the delivery of the city-wide affordable housing targets. If it transpires that through a mechanism such as the one set out in circular 06/03, that the Council could improve the viability of a proposal, the first call on that extra value may be, for example (with reference to Proposal CC11), the provision of an anchor store unit which meets the requirements of a national department store operator, and/or to maximise the quality of design and public realm provision, rather than meeting the requirements of Core Strategy Policy CS15. Again, this type of discussion has not played any part in the development of policy in the AAP.

In summary, the Council recognises the provisions in Circular 06/03, but does not believe that they present a robust and certain way to guarantee the delivery of affordable housing on the strategic sites. In fact, consideration of how such a provision could be applied to the strategic sites demonstrates why the Council's stance as outlined in Council Statement 02 and discussed at the Hearings on 26th January is the most appropriate way to facilitate the implementation of the sites in such a way as to ensure that the AAP's overall vision for the City Centre is delivered.