CABINET

13 July 2021

Title: Proposed Purchase of 62 Residential Units at Town Quay Wharf, Barking	
Report of the Cabinet Member for Regeneration and Economic Development	
Open Report with Exempt Appendices 2 and 3 (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972)	**For Decision**
Wards Affected: Abbey	**Key Decision:** Yes
Report Author: Daniel Brooks, Be First	**Contact Details:** E-mail: daniel.brooks@befirst.london
Accountable Director: Ed Skeates, Development Director, Be First	
Accountable Strategic Leadership Director: Claire Symonds, Managing Director	

Summary,

A development opportunity has been offered to Be First and the Council by Weston Home Plc to purchase 62 new homes delivering affordable homes and help Be First accelerate delivery of affordable housing within the borough.

Weston Homes has secured planning permission to redevelop Town Quay Wharf and provide 147 new homes (35% affordable), new ground floor commercial space and a central public area on the River Roding. An opportunity has been offered to the Council to work with Weston Homes to deliver this development scheme across both the Weston Homes owned land (green) and the LBBD owned land (blue) as shown in the image below. The development also includes other public land as shown below (red) which will need to be transferred to Weston Homes to facilitate the development. As part of this arrangement LBBD would transfer over the land to Weston Homes to facilitate the development and would then purchase the affordable housing units on the site (62 homes) for a discounted price of approx. £236k per unit.

The redevelopment of the site also includes making adjustments to the Town Quay road to make better use of the land and river frontage.

Be First, on behalf of the Council would manage the transaction and monitor the development process to practical completion estimated in 2024/25. The scheme would then be held and operated by BD Reside as part of their residential portfolio with any financial surplus made being paid back to the Council.

The land has limited value due to being isolated and would be difficult to develop in isolation. The discount value of the units equates to £12,500 - 22,500 per unit (ie up to £1.395m for the 62 units) and is considered to reflect a good price for the land and its marriage value to Weston Homes.

Weston Homes is one of the country's largest housebuilders. They have been operating for over 30 years in the South East of England. The Company Accounts for 2019,

published in 2019 shows the company has an operating profit of £20m after tax, and net assets of £100m.

This proposal provides several benefits to the Council; including:

- Affordable housing delivery – As the council owns part of the land involved in this development, it cannot come forwards without LBBD involvement
- Value for money - Buying the scheme from an integrated developer contractor also enables the Council to acquire units at a price below that at which we could construct them c.£236k unit versus £250k average unit.
- Helps achieve the Council's Inclusive Growth aims by accelerating the delivery of much needed homes, supporting social and economic regeneration and working in partnership with the private sector.
- Regeneration – this development will support the regeneration of the River Roding and provide a new destination in Barking town area, contributing to the delivery of the Barking Town Centre strategy.
- Helps achieve the Councils Investment & Acquisition Strategy objectives and generating a return on investment through the ownership of 62 new homes.

Recommendation(s)

The Cabinet is recommended to:

(i) Approve the purchase of 62 affordable tenure homes from Weston Homes on a turnkey basis for the price of £14,635,162. (c.£236k per unit);

(ii) Agree to the transfer of LBBD land at Town Quay Wharf to Weston Homes PLC to facilitate the Town Quay redevelopment proposal as a consideration contribution towards the acquisition of the 62 affordable tenure homes;

(iii) Agree the borrowing of up to £11,295,534 (net development cost) within the General Fund from the Public Works Loan Board to finance the entire development subject to satisfactory due diligence;

(iv) Approve in principle to enter into a Development Agreement with Weston Homes to deliver 62 units for a total development cost £16,331,251 for expected completion in 2024 subject to satisfactory due diligence, including acceptable parent company and SPV checks and security arrangements;

(v) Agree the scheme meets the Investment & Acquisition Strategy financial performance metrics delivering a positive net present value of £3.5m;

(vi) Approve the appointment of relevant technical due diligence and legal advisors and to manage the transaction on behalf of Be First and the Council;

(vii) Agree to the use of an existing or the establishment of a Special Purpose Vehicle(s) as required within the Barking & Dagenham Reside structure to develop, own, let, sale and manage and maintain the homes in accordance with the funding terms in a loan agreement between the Council and Special Purpose Vehicle;

(viii) Agree to allocate £924,000 GLA Shared Ownership grant funding, subject to a successful bid, to support the financial viability of the shared ownership tenure;

(ix) Agree to allocate £2,900,000 GLA LAR grant funding, subject to a successful bid, to support the financial viability of the LAR tenure;

(x) Agree the 2.5% Be First fee of £422,862 to act as Development Manager and Construction manager on behalf of the Council;

(xi) Agree to set up a Capital code with the required budget of £16,331,251 to deliver the project;

(xii) Agree to transfer £20,000 of pre-Gateway 2 costs incurred by Be First to date to the Capital code;

(xiii) Delegate authority to the Managing Director, in consultation with the Strategic Director, Law and Governance, to agree and execute any legal agreements and contract documents to fully implement the project; and

(xiv) Delegate authority to the Finance Director, in consultation with the Managing Director and Cabinet Member for Finance, Performance and Core Services, to agree the funding and finance arrangements to fully implement the project.

Reason(s)

This project primarily helps deliver on the objectives of Inclusive Growth and A New Kind of Council:

- Building affordable housing and sustainable communities
- Support the social and economic regeneration of the area
- Contribute to growing the Council's residential portfolio
- Deliver a financial return to the council through a long-term income stream

1. Introduction & Case for Action

1.1 The council has an ambitious vision for regenerating the borough, and delivering up to 50,000 new homes over the next twenty years. While developments will happen across the borough, Barking Town Centre, where this development is situated, is a key focus for this housing growth. Plans are in place to deliver 8,000 homes in the town centre, a mixture of delivery by private developers and through the council's own new build programme which are being deliverd by Be First.

1.2 The delivery of high quality and affordable housing is also a key element of the ambitious strategy which the council has agreed for the future of Barking town centre. The development which has been offered to Be First and the Council forms part of a wider number of schemes which are been delivered by the Abbey Green and the River Roding. These developments not only provide new housing, but contribute to the wider strategic aims the council has to more explicitly link this part of the town centre with East street and the station.

1.3 The Town Quay development opportunity has been offered to Be First and the Council by Weston Homes (Registered No: 02133568) as a 62-home turnkey scheme to help the Council accelerate delivery of housing within the borough and take a long-term ownership stake in a large scale development on the edge of Barking Town Centre.

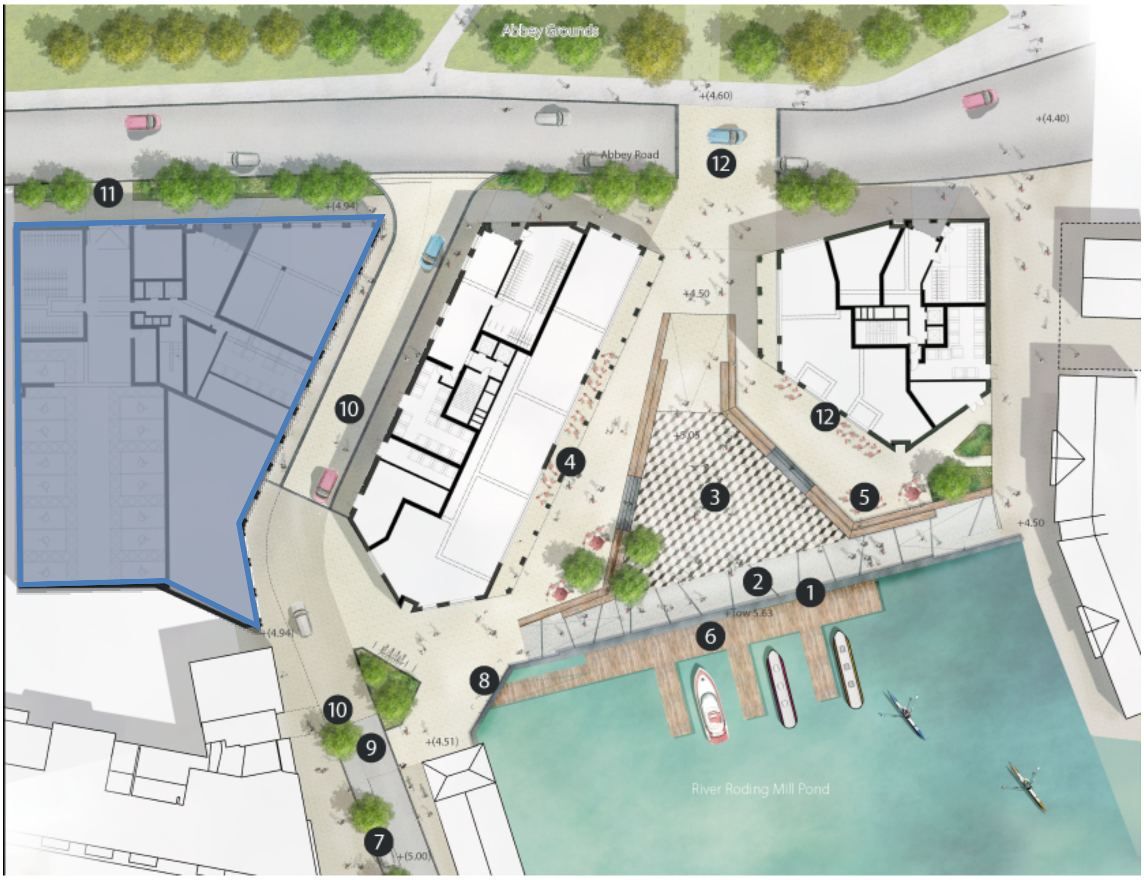
1.4 Weston Homes is one of the country's largest housebuilders. They have been operating for over 30 years in the South East of England. The Company Accounts for 2019, published in 2019 shows the company has an operating profit of £20m after tax, and net assets of £100m.

1.5 The turnkey solution provides several other benefits to the Council, including:

- Lower risk – this turn-key scheme presents a lower risk delivery option for the Council, with the Developer taking all planning and construction cost risk, in lieu of an agreed fixed price. The risk of non-delivery or delay will be managed through step in rights, agreed milestones and long-stop dates and penalties in the legal agreement.
- Asset value growth – given the scale of regeneration along the river, this scheme has the potential for capital and rental growth, subject to wider regeneration plans being implemented.

2. Proposal and Issues

2.1. This report is seeking approval in principle to enter into a development agreement with Weston Homes, which involves the Council transferring the LBBD owned land, and the subsequent acquisition of the freehold of the affordable tenure block shown below (blue). This proposal allows the council to achieve best value in terms of housing delivery and commercial return by working with adjacent landowner.



2.2. The proposed development site (**Appendix 1**) is located on the eastern bank of the River Roding and adjacent to the Abbey Green (to the east).

2.3. Head of Terms have been discussed with Weston Homes. Payment terms are subject to agreement, but will include a deposit upon entering into contract, a golden brick payment and accumulated work value up to that point, followed by a monthly drawdown for the duration of the development linked to agreed milestones and the value of the works undertaken. The draft Heads of Terms are set out at **Appendix 2**, which is in the exempt section of the agenda as it contains commercially confidential information (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

2.4. Appropriate security measures are to be included to safeguard the council's interest including charges, guarantees and step-in rights with the contractor. Liquidated and Ascertained Damages (LADs) will form part of the package with the developer.

2.5. There will be step in rights in the development agreement to grant provision for the Council to complete the development should the developer fail, and a full suite of warranties will be provided from all designers and sub-contractors who have design input into the scheme.

2.6. Town Quay Wharf is included in the Be First Business Plan 2021 list of potential sites that form the Council's Investment Programme as a potential pipeline scheme. The scheme is forecast to be delivered in 2024/25 with 62 affordable units.

2.7. Subject to Cabinet approval, final due diligence will be undertaken by Be First prior to the Council signing the Development Agreement. The cost of undertaking this work has been included in the Total Scheme Costs.

Design, Tenure and unit mix

2.8. The tenure and unit mix are set out in the table below. The mix includes a good proportion of 2 bed, four person homes and a number sof the LAR homes are 3 beds which helps meet housing need.

Tenure	No.	Type (Beds/Person)
London Affordable Rent	12	1B2P
London Affordable Rent	5	2B3P
London Affordable Rent	4	2B4P
London Affordable Rent	4	3B4P
London Affordable Rent	4	3B5P
Sub Total	**29**	
Shared Ownership	18	1B2P
Shared Ownership	6	2B3P
Shared Ownership	3	2B4P
Shared Ownership	3	3B4P
Shared Ownership	3	3B5P
Sub Total	**33**	
Parking Spaces	5	(All Wheelchair)

2.9. All units are London Plan internal space standards compliant.

2.10. The specification will be agreed between Weston Homes and Be First, who will liaise closely with the Council and Reside who would have final approval of any divergences from the Council's Employer's Requirements. This will ensure that the properties acquired meet the standards of other properties Be First are delivering.

2.11. Due to the proximity to the town centre and high PTAL level, these units are to be car free except for blue badge spaces in lines with planning policy. The report that has been provided by Savills reflect that the units are car free and have been valued to reflect.

3. Options Appraisal

3.1. Do nothing – without including the LBBD land in the redevelopment this project would not be able to move forward. As a result, it is unlikely that any significant redevelopment would be able to come forwards on this site.

3.2. Sell the land to neighbouring landowners – This may achieve regeneration and some amount of financial outcome. However, this would mean that LBBD lose the amount of control over the delivery of this site and the long term ownership of units on the River Roding.

3.3. Be First direct delivery – The size and nature of the site means that development opportunity on this site is very low and without combining the land with the neighbouring sites. This would result in a more "piecemeal" redevelopment, and would harm the regeneration of the area.

4. Consultation

4.1 The development has planning consent and has therefore been subject to community consultation through the planning process.

4.2 The detailed proposals in this report were considered and endorsed by the Investment Panel in May 2021.

5. Commissioning Implications

Implications completed by: Darren Mackin, Head of Commissioning and Place, Inclusive Growth

5.1 This proposal set out here to enter into this development agreement with Weston Homes is a good opportunity to help deliver both our affordable housing and regeneration aspirations. The scheme sits as part of Barking Town centre, and will support the opening up of the River Roding towards the town centre. It forms part of a wider cluster of development in the area.

5.2 Given the location of the properties and their good accessibility,the proposed tenure mix, which includes Shared Ownership properties is deemed acceptable. Reside will need to develop a comprehensive marketing strategy for these properties, particularly as a number of developments are coming forward in the area in the coming years. However assuming the properties are priced competivitly they are likely to be an attractive offer for local residents who are looking to enter the property market.

6. Commercial Implications

Implications completed by: Hilary Morris, Commercial Lead

6.1 The Be First Business Plan anticipated the Town Quay Wharf proposal coming forward on a turnkey basis for 62 units at a cost of £14m. This proposal is recommending in principle agreement for the scheme based on 62 units at a total development cost of £16,331,251.

6.2 The report notes the Council owned land has not been formally valued but has little residual or development value on it's own and therefore the discounted development price reflects the value this adds to the site. The total cost per unit of £263k offers good value for money compared to other similar schemes.

6.3 Although no due diligence has been provided on Weston Homes, Companies House records indicate that they have a net worth of £96m and cash of £28m and therefore have sufficient covenant and financial standing to undertake a development of this scale although as noted a full suite of warranties and indemnities must be provided.

6.4 Although not noted in the report the Council' ability to enter into a development agreement with Weston Homes without a competitive procurement processes arises due to the fact that Weston Homes own a part of the land needed for the developer and therefore it is not reasonably possible for the Council to tender this opportunity. This assumption should be confirmed.

7. Financial Implications

Implications completed by: David Dickinson, Investment Fund Manager

7.1 The report outlines an investment opportunity to purchase a turnkey scheme consisting of 62 affordable units, with Practical Completion in 2024. The proposal will require the transfer of LBBD land and prior to any transfer a formal valuation should be completed and confirmation that the site does not have any alternative use. Town Quay Wharf was included in the 2021 Be First Business Plan as a pipeline scheme.

7.2 The development cost is £16.3m, which equates to a cost per unit of £263.4k. Although this is lower than a number of schemes, over 77% of the units are one or two bed units, with nearly 50% being one bed. Approximately 55% of the Shared Ownership (SO) scheme are also one bed units and it essential that Reside agree the unit split.

7.3 Grant for the LAR / Target rent and for the SO units has not yet been secured and this will need to be agreed prior to any agreement. The total grant required is £3.8m, including £924k of SO grant and £2.9m of target rent grant (modelled at £100k per unit).

7.4 The surplus / deficit figures included are from a new financial model and does not include the MRP holiday but does include the profit on SO sales and these discrepancies need to be resolved prior to Gateway 4.

7.5 The surplus return, after adjusting for errors within the model, show a scheme that has a small but sufficient margin, especially considering the high level of LAR / Target rent.

7.6 The detailed financial information is set out at **Appendix 3**, which is in the exempt section of the agenda as it contains commercially confidential information (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

7.7 The report does not include sufficient information on the build quality and this must be signed off by Reside and MyPlace prior to any agreement.The sale of the Council’s land also needs further consideration as an option, although it is unlikely to provide a significant capital receipt to the Council.

7.8 HoT’s are draft and still require a significant amount of work.

8. Legal Implications

Implications completed by: Dr Paul Feild, Senior Governance Solicitor

8.1 This report seeks the Cabinet authority for the Council to make an investment in a development known as Town Quay Wharf. It will lead to the purchase of 62 affordable tenure homes from Weston Homes. The development is proposed to be built by Weston Homes pooling that part of the site owned by the Council with Weston Homes land. The Council’s land is current used as an amenity green and will disposed for a nominal amount. The Councils development Company BeFirst were approached by the current developer who has acquired land at Town Quay Wharf and want to develop their site, and it is considered that a better development can be achieved by combining the land interests. The proposal in a nutshell is that the Council enter a development agreement which may be via a Reside Special Purpose Vehicle with on a turnkey basis for the price of £14,635,162. (c.£236k per unit). These will be in the North block of the site for which in due course it is understood the Council will get the freehold for the block. The completion will be in 2024/5 subject to satisfactory due diligence, including acceptable parent company and SPV checks and security arrangements. The transaction is anticipated to utilise the “golden brick” process. This is a method for establishing the most effective tax arrangements by transferring ownership at a certain point in the construction process.

8.2 **Power to Carry out the Transactions** - The Council has the power to enter directly or by a Reside SPV the development agreement by virtue of the general power of competence under section 1 of the Localism Act 2011, which provides the Council with the power to do anything that individuals generally may do. Section 1(5) of the Localism Act provides that the general power of competence under section 1 is not limited by the existence of any other onwer of the authority which (to any extent) overlaps with the general power of competence. The use of the power in section 1 of the Localism Act 2011 is, akin to the use of any other powers, subject to Wednesbury reasonableness constraints and must be used for a proper purpose.

8.3 The general power of competence under section 1 of the Localism Act 2011provides the Council with the power to do anything that individuals may generally do. Section 1(5) of the Localism Act provides that the general power of competence under Section 1 is not limited by the existence of any other power of the authority which (to any extent) overlaps with the general power of competence. So, the Council can establish a Special Purpose Vehicle (SPV). Section 4 of the Localism Act 2011 provides, where the proposal or activity is for a commercial purpose the activity must be delivered through a company which would include a SPV.

8.4 Notably, the purpose of this proposal is to drive regeneration, to increase supply of affordable housing. further support is available under Section 111 of the Local Government Act 1972 (1972 Act) which enables the Council to do anything which is calculated to facilitate, or is conducive to or incidental to, the discharge of any of its functions, whether or not involving expenditure, borrowing or lending money, or the acquisition or disposal of any rights or property.

8.5 In exercising the power of general competence and in making any investment decisions, the Council must also have regard to the following:

- Compliance with the Statutory Guidance on Local Government Investments.
- Fulfilling its fiduciary duty to taxpayers.
- Obtaining best consideration for any disposal.
- Compliance with Section 24 of the Local Government Act 1988 in relation to giving financial assistance to any person (which either benefits from a general consent or requires express consent by the Secretary of State);
- Compliance with any other relevant considerations such as state aid and procurement

8.6 Section 15 of the Local Government Act 2003, which requires that the Council have regard to statutory guidance in relation to exercising its borrowing and investment powers. The relevant Statutory Guidance on Local Government Investments (3rd Edition, issued on 1 April 2018). The definition of an investment includes '*all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit'* and for the avoidance of doubt it includes *'loans made by a local authority to one of its wholly-owned companies or associates'.* In accordance with the Guidance (paragraphs 33 and 34), Councils can provide loans to their wholly owned vehicles, without adhering to a narrow definition of prioritising security and liquidity in relation to the investment in question, provided that the overall Investment Strategy demonstrates that:

(i). The total financial exposure to such loans is proportionate;
(ii). An expected 'credit loss model' has been adopted to measure the credit risk of the overall loan portfolio;
(iii). Appropriate credit controls are in place to recover overdue re-payments; and
(iv). The Council has formally agreed the total level of loans by type and the total loan book is within self-assessed limits.

8.7 **Land Disposal and Acquistion** - There are two land matter parts to this proposal. Firstly the disposal of the Council plot of land and the current highway land affected and secondly in due course the acquisition of the 62 homes block. As established the Council owns the land at the apex of the west side of the junction of Highbridge Road with Abbey Road. Such an asset will be held in the Council's General Fund. Now, section 123 of the 1972 Act provides that a local authority may dispose of land held by them in any manner they wish providing that the disposal is for a consideration that is the best that can be reasonably obtained. If the consideration passing between the Council and the SPV for the land to deliver the development is not the best consideration reasonably obtainable in an arm's length transaction, the disposal will require the consent of the Secretary of State. Whether the consideration obtained for the disposal is the best that can be reasonably obtained is a valuation question. Officers should satisfy themselves as to whether the final figure for acquisition of the homes is for the best reasonably obtainable consideration. When the homes are acquired, the Council will in all likelihood dispose the properties to a Reside holding company. The same considerations will apply and that will be at a market value.

8.8 Under section 128(1) of the 1972 Act where consent to a disposal is required, the Secretary of State may issue a particular or give a general consent for certain types of disposal. The General Disposal Consent (England) 2003 has been issued pursuant to section 128(1) of the 1972 Act. This gives consent for a local authority to dispose of land for less than the best consideration that can be reasonably obtained if:

i. the local authority considers that the purpose for which the land is to be disposed is likely to contribute towards achieving any one or more of the following objectives in respect of the whole or any part of its area, or of all or any persons resident or present in its area:
    a. the promotion or improvement of economic wellbeing;
    b. the promotion or improvement or social wellbeing;
    c. the promotion or improvement of environmental wellbeing; and

ii. the difference between the unrestrictive value of land to be disposed of and a consideration for the disposal does not exceed £2m.

8.9 Unrestrictive value is defined as the best price reasonably obtainable for the land on terms intended to maximise the consideration, assessed in accordance with the procedures set out in the Technical Appendix which is annexed to the general consent. Therefore, before a final decision is made on the transfer of the property to the SPV, the must obtain valuation advice from a qualified RICS valuer as to the difference between the unrestricted value and the consideration received, and that such consideration either amounts to best consideration or is within the parameters of the General Consent. In terms of the acquisition of the car park the Council can again utilise its Localism Act 2011 general power of competence and has further power with section 120 LGA 1972 to acquire land for the benefit and improvement of the borough.

8.10 **State Aid and Subsidies – New Regime** - Since the UK has left the EU and signed the Trade and Cooperation Agreement, and the European Union (Future Relationship) Act 2020 legislation has been passed. It has not liberalised abilities for Local Authorities to set favourable loans or support enterprises. The final regime at time of writing has yet to emerge. The UK still has World Trade Organisation obligations. Nevertheless, until there is a general enabling power for the public sector to provide assistance, the existing principle that to avoid challenges of "State Aid" or subsidies, then transactions should be at market and economic operator terms still applies. Thus, any loan or finance passed to the project must be at market terms. Same too when considering the development site when it is eventually disposed of into for example a Reside Vehicle, then unless the land is transferred at the said unrestricted value it could be treated as a form of state aid or subsidy. Furthermore, even if there were latitude, there remains an overriding principle of fiduciary duty on the Council in its stewardship of its assets and to manages its finances prudently and obtain best consideration in its endeavours. The proposal is that the housing constructed will be delivered to the Council on a "turnkey" basis. That means the ownership passes in a form ready as to be agreed.

8.11 **Procurement** - The Council will need to ensure the procurement process takes into account the need to comply with the Public Contract Regulations 2015 as amended.

8.12 **Human Rights** – As the development project as described does not seek the use of compulsory purchase powers or displacement of any residents there does not appear to be critical risks associated with a Human Rights Act challenge, nevertheless, matters should be kept under review in case such considerations should arise.

8.13 **Development / Land Risks and Considerations -** Apart from the requirement to acquire an interest in the development at no more than the market value there will be the imperative to ensure that all land, development and environmental risks are identified and managed through feasibility studies to ensure the preferred development option is deliverable before significant expenditure, and mitigation strategies put in place. Potential risk arising include, but are not limited to, any third-party rights or restrictions or incumbrances which may frustrate or prevent the development of the land. This includes any existing rights of light. Of special consideration in terms of environmental, construction and operational risks, is the site's location is close to the Grade I listed site of the former Barking Abbey. This means there will be a reasonable prospect of the finding of historical artifacts and an archaeological survey. Also, care will be needed to ensure understanding of the risks of and presence of historical land contamination and potentially presence of ordinance. If so, any remedial action and the costs of such remediation would need to be factored into the feasibility and viability considerations. As the Councils will acquire the freehold interest of land not currently within its ownership there should be early due diligence before contractually committing to the transaction to ensuring that the site is suitable for the construction of the development and is without risk of historical contamination, or in the alternative that any contamination is capable of being remedied and costs are both factored into the investment and acquisition price and do not compromise the viability of any residential development.

8.14 **Taxation** - As a commercial enterprise the proposal will be subject to a variety of taxation issues including SDLT, VAT and Corporation taxes. Specialist advice will need to be procured to ensure the most tax efficient structure is identified before any binding commitment is entered into.

8.15 **Future Regulatory Issues** - As currently structured the arrangement means that the Council / SPV will have overall responsibility for the building. New legislation regulating building operators is in draft form (Fire Safety Bill and Building Safety Bill) these will place further obligations on landlords. Furthermore, additional legislation may follow post the publication of the Grenfell Public Inquiry Report. These obligations are inevitably going to have cost implications and forward anticipation of the risks and liabilities and costs of such measures do need to be factored into the evaluation model of this development and its viability. Having said that the Council as an operator of tall building housing ought to be well placed to apply its growing expertise to such challenges.

8.15 **Highways Matters** - The scheme envisages the diversion of Highbridge Road and its junction with Abbey Road. Stopping up Orders will need to be made and Section 38 / 278 Highways Act 1980 Agreements will be required to secure the highways changes and consultation carried out.

9. Other Implications

9.1 **Risk Management –**

Risk/Issue	Description/Mitigation
Risk (1)	Risk: Developer Failure Mitigation: Likelihood is considered low but step in rights and performance bond will be in place to ensure Be First are able to complete the development.
Risk (2)	Risk: Substandard quality Mitigation: Agreed specification and robust monitoring by Be First appointed Clerk of Works with regular, on-site quality inspections.
Risk (3)	Risk: GLA LAR grant is not available Mitigation: Discussions are ongoing with the GLA at a senior level and current grant outlook is positive, so risk is considered low.
Risk (4)	Risk: Market Rent lettings risk There is a risk that it may be difficult or take longer to let the market rent units. The impact would be either a higher void rate or longer stabilisation period impacting upon cash returns and viability. Project to seek early and active marketing of units as mitigation. The project has also commissioned a market rental valuation report.

9.2 **Contractual Issues –**The Heads of Terms will form the basis of the Development Agreement with Weston Homes. The phase will be subject to an underlease and build contract.

9.3 **Health Issues –** The proposal is for affordable housing to be made available to borough residents in need of affordable housing. The development has acceptable levels of private and communal amenity space and childrens play area.

9.4 **Crime and Disorder Issues –** The development makes use of a currently vacant site. The development proposals will therefore have a positive impact on the local community. The scheme has been subject through the planning process to Secure by Design review to reduce any crime or disorder arising from the new development.

9.5 **Property / Asset Issues –**The transaction will see the Council taking ownership of a freehold of land within the borough. The assets constructured will be held within the BD Reside structure and managed by My Place.

Public Background Papers Used in the Preparation of the Report: None

List of appendices:
Appendix 1 – Development Plan
Appendix 2 - Draft Head of Terms (exempt appendix)
Appendix 3 – Financial Information (exempt appendix)