

Affordable Housing Advice Notes 1.1 to 1.3

Introduction to Advice Notes

- I.1 Affordable Housing: Policy and Valuation Issues
- I.2 Public assets as investment in communities-
Best Value, Asset Management Strategies and Valuation
- I.3 Step by Step guide to a “Placeshaping” sale of local authority land

Background

These three Advice Notes have been prepared by Stephen Hill, MRICS, CEnv, Director of C₂O futureplanners, as part of an assignment led by David Rodgers, Chief Executive of CDS Cooperatives. The aim of the assignment for a major local authority was to test the potential of a Community Land Trust against other ways of increasing the supply of permanently affordable housing.

Target Audience

The Advice Notes are intended for a broad audience of:

- Members;
- Council Officers working in housing, regeneration, economic development, valuation and asset management, and spatial planning;
- LSP Coordinators and support staff; and
- Community organisations and housing providers engaging with the council to deliver this kind of affordable housing.

Purpose

The Advice Notes are intended to provide a narrative of existing policy about affordable housing, in the context of new and emerging Government policies on spatial planning, the delivery of public services, the role of LSPs and Local Authorities in delivering spatially focussed social, economic and environmental wellbeing outcomes, community empowerment, and new central government inspection regimes and local governance and accountability arrangements. These are complex and interlocking areas of policy, and the aim is to give all the target audiences, and thus project stakeholders, a shared understanding of the issues.

To ensure that projects are undertaken with the best prospect of success, and the minimum of frustration and wasted effort and finance, the lesson of similar projects and the findings of the Quirk Review of Community Asset Transfer, is that all the key stakeholders must have a shared and agreed understanding of the guiding principles and policy drivers for the project, any difficult issues to be resolved, and the intended outcome...**from the earliest stage of the project.**

Running through all three Advice Notes is an attempt to clarify what Value for Money means for local authorities and other public bodies, eg the new Homes and Communities Agency, in using their assets as part of their wellbeing powers and duty to encourage and promote sustainable development through the spatial planning system.

An important idea to hold onto throughout a reading of the Advice Notes is that a local authority's need to realise capital receipts from the sale of assets to fund its annual budget is not primarily a value for money issue. It represents a perfectly valid political choice to liquidate an asset to invest in achieving one set of wellbeing outcomes, as opposed to retaining or selling an asset to a third party to invest in achieving another set of wellbeing outcomes; and where that sale may be at a very low or nil "best consideration reasonably obtainable". What the new policy environment requires is a more transparent and explicit process of integrated corporate planning and spatial planning to make those choices, which must then be open to scrutiny, audit and examination in planning and local authority performance inspection regimes.

Planning and Working Together

The emphasis in all the Advice Notes is on open and collaborative working amongst all the stakeholders to negotiate difficult technical and political issues. In particular, the appraisal methodology on Advice Note 1.3 has been devised to be quite simple, but also focussed absolutely on the current key priorities for local authorities, ie performance of Local Area Agreements and the achievement of outputs and outcomes taken from the Local Authority Performance Indicators. It is important for all the stakeholders, including community organisations, that this is recognised as the operating environment in which the projects will be proposed and must be delivered.

More complex Option Appraisal techniques, based on the Treasury Green Book, could be used to evaluate other non-monetary and qualitative aspects of the projects. This is not recommended for the relatively small affordable housing projects of the kind intended by the council, especially as it is hoped that the policy narrative may have clarified the value for money issues sufficiently to simplify the choices that have to be made in relation to the policies that drive the project.

There is also a real risk that we could make the choices more complicated than they need to be, or use complexity to mask what are quite simple choices, just not the ones we are used to making for reasons we are not used to having at our disposal.

Access to supplementary advice

These Advice Notes have been drawn from and have contributed to the recently published "*Placeshaping – A Toolkit for Urban Community Land Trusts*" [University of Salford for the Housing Corporation] which contains a Foreword by the Secretary of State, Hazel Blears, and extended sections on the policy landscape, and analysis of value for money and the use of the General Consent for the disposal of local authority assets 2003. The Toolkit is available on line at www.communitylandtrust.org.uk

In addition, CLG will publish during the summer of 2008, a series of nine policy and practice notes on asset management for local authorities that expands the content of their recently published asset management guide, "*Building on Strong Foundations: A Framework for Local Authority Asset Management*". These are described further in Advice Note 1.2. These are likely to contain more detailed advice on value for money and appraisal methodologies. The department is under some pressure to be more prescriptive about the adoption of standardised techniques; another reason why we have kept the techniques in Advice Note 1.3 in line with the principles contained in the current drafts of these policy and practice notes.

Affordable Housing Advice Note 1.1

Affordable Housing: Policy and Valuation issues

Principal policy drivers

The Sub-National Review of Economic Development and Regeneration [Treasury and DBRR 2007/8] emphasises the need to increase housing supply and to improve levels of affordability to support economic development. A Consultation Paper, published in March 2008, sets out proposed changes to regional housing and planning policy that will be in place by 2010.

The Draft Statutory Guidance on Creating Strong, Safe and Prosperous Communities [CLG 2007], also called the “Placeshaping Guidance”, brings the provision of housing and affordable housing into the core of the matters to be addressed by the Sustainable Communities Strategy [SCS], the Local Development Framework [LDF] Core Strategy and the specific performance of targets sets in the new Local Area Agreements/Multi-Area Agreements [LAA, or MAA for core cities and other grouped councils], effective from July 2008. drawn from the new set of National Indicators for Local Authorities and Local Authority Partners, effective from April 2008.

The Audit Commission’s consultation [Audit Commission 2007] on the new Comprehensive Area Assessment [CAA] describes the risk based approach to assessing the achievement of area specific/spatially focussed targets and outcomes. It identifies affordable housing and relationships with housing associations and other housing providers as key factors that it will examine, when the new regime comes into operation in 2009.

Planning Policy Statement 3 Housing

The Government’s Planning Policy Statement 3 Housing [CLG 2006] sets out the formal definition of affordable housing and affordability [PPS3 Annex B]. This definition should shape local authority housing and spatial planning policies that are specific to the needs of their area.

The definition will be informed by a comprehensive evidence base, which surveys house prices, availability of land for development and of existing housing at different price levels, both for renting and purchase, and local incomes. [PPS 3 Annex C].

PPS3 Definition of Affordability

The definition includes social rented and intermediate renting and ownership. There are two key elements of the definition:

- **The Evidence Base** “...affordability must be...determined with regard to local incomes and local house prices”
- **Arrangements for Performance** “...to remain at an affordable price for future eligible households (Or) for the subsidy to be recycled for alternative affordable housing”

Both of these elements will have particular force in delivering wellbeing outcomes through the Placeshaping and Core Strategies that inform the LDF, SCS and LAA/MAA.

Assumptions that either of the Housing Corporation’s new HomeBuy and the First Time Buyers Initiative affordable housing products will *de facto* meet the definition, (because they are described in national housing policy as affordable housing products), are unsound. They need to demonstrate their capacity to satisfy both requirements, in relation to locally relevant circumstances, to be genuinely PPS3 compliant.

The Evidence Base and Placeshaping

The need for particular types of affordable housing may be quite generic across a council's area, but they can also be quite specific to particular neighbourhoods or parts of neighbourhoods, depending on the evidence available. In regeneration schemes, affordable housing needs are often particular to the population living in a well defined place.

However, the spatial planning system, Placeshaping, the new LAA/MAA, the Local Economic Assessment duty and the Audit Commission's CAA will provide the context for applying this place specific approach more widely. This will be supported by the existing directions in PPS3 that local authorities **should**, (inter alia):

“Specify the size and type of affordable housing that, in their judgment, is likely to be needed in particular locations and, where appropriate, on specific sites.”

The CAA regime will adopt a risk-based approach to assess whether the local planning policy framework is sufficiently robust to specify what is needed **and** that there are delivery mechanisms to ensure the required affordable housing outputs and associated wellbeing outcomes are in fact delivered, **and** that affordability levels are safeguarded in perpetuity.

Allocations of specific sites in this way would probably be done through the Area Action Plan process or by specific one-off decisions by the council, informed by the policies in the Core Strategy, and recorded as LAA/MAA targets.

The evidence base must be sound and contestable, and the burden of affordability must not be disproportionate. A landowner, either public or private, can contest the local authority's approach and may be able to force the local authority to acquire the site if it can be shown that the site is blighted by the local authority's actions.

It is possible that the Placeshaping arrangements will provide a more robust and place specific approach to land allocations and definitions of affordable housing. This improved policy environment will be able to support a local authority's actions, or provide the context for communities to initiate their own affordable housing projects that are relevant to their specific needs and intentions to deliver wellbeing outcomes for their community.

Arrangements for Performance and Placeshaping

This is more problematical. There are few recognised means of ensuring that homes stay affordable over time, and that, when staircasing of shared ownership properties takes place, the receipts are recycled locally. Resale covenants can apply to private and RSL-provided affordable housing. Receipts can go back to the RSL who may reinvest in that district or even that location.

However, it is widely observed and believed that receipts go back into a general RSL pot for reinvestment in affordable housing. This may well not be as place specific an approach as it now ought to be in the context of Placeshaping, Local Economic Assessment criteria and the new LAAs/MAAs, and the need to demonstrate spatially focused wellbeing outcomes.

Enforcement is a major issue for local planning and housing authorities. Resources are limited, and the administrative arrangements and processes are often not well understood by planners. The lack of mechanisms with a local and sometimes small-scale focus to provide for local accountability and the ongoing care of specific places is major barrier to getting the best and the longest lasting outcomes from the current planning-led approach to achieving affordability.

The role of CLTs

CLTs are institutions of local accountability and responsibility that can satisfy both the key criteria of PPS3 compliant affordable housing. They aim to:

- Provide homes that are affordable to people who need or want to live in area for employment, and/or to promote and sustain community cohesion and integration; and
- Preserve those levels of affordability permanently through intermediate housing market products, ensuring that uplifts in value are retained and reinvested “in that place” for the benefit of that place and its community.

Affordability described in S.106 Agreements and planning conditions

Is a S106 Agreement always the right place for setting down affordable housing requirements? Where the combined effects of the LDF and SCS, and their Core Strategy define quite clearly what type of housing is required to achieve evidence-based wellbeing outcomes in a particular place on a specific site, these are intrinsic to the nature of the development proposed, and could be(but are not often) dealt with as planning conditions.

S.106 Agreements are more commonly used, as affordable housing has more usually been thought of as a district wide requirement, and thus something that must be provided and without which the planning permission, (for whatever is planned for that site) should not be given. Placeshaping can change this perception and approach.

There is anecdotal evidence from the National CLT Demonstration Programme participants that, in some areas, through the lack of expertise and resources, the process of drafting s106 Agreements adds considerable delay, as well as cost, to the implementation of the consent, and that once completed no action to enforce the agreement is ever taken. Planning conditions may have advantages in these circumstances.

The lack of effective regulation of the delivery of PPS3 compliant affordable housing has:

- undermined government’s ambitions,
- allowed landowners and their advisers to ignore and devalue the government’s intentions, and
- hindered the policies and plans of local authorities, as strategic housing authorities, to ensure the provision of enough affordable housing to meet local needs, through the development of their own and others’ land.

Unpublished research on best practice in S106 agreements, [Sheffield University for CLG 2006/7], showed significant improvements since last reviewed earlier in the decade. There is still scope for greater rigour.

Affordability and Valuation

The level of affordability required will have a direct impact on the value of the land; usually to reduce the expectations that a landowner might have quite reasonably had under the pre-2004 land use planning system, but which may be quite different under post-2004 spatial planning.

For private landowners, this may seem unreasonable. For a public land owner, this change in thinking about value should be well understood and be reflected in its own policies and asset management strategies.

Further advice on the valuation of public assets follows in Advice Note 1.2.

Affordable Housing Advice Note 1.2

Public assets as investment in communities – Best Value, Asset Management Strategies and Valuation

Introduction

This note covers a series of complex issues which are the subject of current changes in legislation and new guidance to local authorities:

- Housing and Regeneration Act 2008
- The Quirk Review on Community Asset Transfer – ongoing follow up work
- CLG and RICS Local Authority Asset Management Guidance – Nine detailed guides forthcoming 2008
- The “Placeshaping” Statutory Guidance – forthcoming 2008
- The White Paper ‘Communities in control: Real people, real power’ – published July 2008
- Formal Consultation on a national enabling framework for Community Land Trusts – announced April 2008 and due to be published Sept/October 2008 .

We have tried to provide an overview of the key elements of the issues in the following sections:

- Current Policy Priorities
- Local Authority Asset Management Strategies and Guidance
- Disposals under Local Government Act 1972 including the General Consent (England) 2003 and the “wellbeing test”
- Housing Land
- Disposal by Government Agencies including European Rules
- Best Value Examples

We have concluded that various aspects of the rules for the use of public assets are now either out of date, are confusing or could be more helpfully framed by current and emerging policy than they are.

In Annex I, we have made a proposition for a new General Consent that draws together a number of themes in this Advice Note. The scope of the proposition is ambitious and wide ranging. Whilst it may not be practical to introduce it in exactly the form suggested, the proposition describes those issues that we feel are in most need of attention, and so may be a useful guide to policymakers and practitioners for future policy development and the promotion of individual schemes. This proposition is taken from “*Placeshaping: A Toolkit for Urban CLTs*” published by Community Finance Solutions for the Housing Corporation’, in April 2008, and also available on line from www.communitylandtrust.org.uk

Current Policy Priorities

Government priorities

The Government encourages all public bodies to dispose of surplus and underused land and buildings to raise income for government activities or to bring all their assets into more beneficial and efficient use to realise policy aims.

Almost by definition, therefore, local authorities have to manage the tension between meeting annual targets for funds raised through the disposal of assets in order to achieve balanced budgets, and achieving other policy outcomes through the exercise of their statutory and discretionary powers, including wellbeing powers.

That must be recognised as an essentially political choice. This note focuses on technical aspects of the rules that can assist the political decision making process.

Current powers and policies on community asset ownership

The Government recently produced this list in its response to the Quirk Review:

- “A General Consent (England) 2003 for local authorities to sell property at less than ‘best consideration reasonable obtainable’, or to lease at less than market rent, to improve the environmental, economic and social well-being of the area, up to a limit of £2m difference.
- Local authorities have compulsory purchase powers, which can apply to derelict private property.
- The Secretary of State has discretionary powers to direct local authorities and certain other specified public bodies to dispose of their interest in land and buildings, in response to a request from a member of the public. The aim of this is to deter public sector landowners from holding on to vacant land or derelict buildings unnecessarily. This power, known as Public Request to Order Disposal [PROD] is not currently well known or used.
- Local authorities also have a discretionary power to require landowners to clean up 'land adversely affecting the amenity of the neighbourhood'.
- The Treasury revised its guidance to funders in 2005, so that clawback provisions (of public grant use to buy or build community assets), while protecting public funding, do not prevent organisations from using their assets to promote enterprise and generating a surplus to promote their sustainability.
- Charitable foundations can by law disburse funds to organisations which are not charitable, but which are promoting community benefits, such as those constituted as Community Interest Companies. This is not widely known amongst local community groups.”

Since the Government’s response to the Quirk Review report, twenty one local authorities and community groups have been piloting the recommendations. Many transactions are still at the negotiating stage. Details of the lessons learnt will be available at www.communities.gov.uk

Disposal does not mean “loss”

One of the key issues raised by participants in the National CLT Demonstration Programme was that disposals of public assets for community wellbeing purposes were often described in negative terms. Language implying “loss”, “less than” and “undervalue” had meanings that hindered positive and creative thinking about what was intended by the promoters of the scheme, and by officers and Members keen to support the project. This has led to overcautious and conservative approaches to valuation that have then acted as an obstacle and sometimes a permanent barrier to the project happening.

In this note, we have therefore attempted to portray the nature of asset disposals as a positive action for investment in the wellbeing of places and communities; as an essential part of the Government’s spatial planning policies and expectations of local authorities and Local Strategic Partnerships [LSPs] in fulfilment of their powers and objectives. The Central Local Concordat December 2007 is a powerful and unequivocal statement of what is intended and expected.

An generic presentation on this topic called “Disposal does not mean loss and ‘free’ land isn’t”, is available at www.communitylandtrust.org.uk Copies have been made available to members of the Quirk Review Team, the Housing Corporation and English Partnerships who are considering commissioning new valuation advice on public asset disposal.

Local Authority Asset Management Strategies

One of the results of the Quirk Report has been a review of public asset management policies. In January 2008, the RICS published its new Public Asset Management Guidance. This is a very wide ranging general guide to international good practice.

In February 2008, CLG published an England specific document “*Building on Strong Foundations: A Framework for Local Authority Asset Management*”. To accompany it, nine short guides are being prepared jointly by CLG and RICS to be published later in 2008.

The leaflets will cover the following topics:

- Overarching strategy document: Sustainable Communities and property assets
- Transfer of assets to community ownership and management
- Procurement and Commissioning
- Making the right choices
- Value for money
- Measuring Asset Management Performance
- Improving the experience for citizens and businesses
- Place shaping
- Tenanted non-residential property

As they are only in draft, it is not possible to comment on the detail. However, we are able to say that the guides:

- **do** reflect the new spatial planning and Placeshaping agenda;
- **do** make the “best value” and “wellbeing” context much more explicit;
- **do** emphasise the importance of local authorities using their corporate management structures to give additional importance to asset management, and integrating the use of assets into service planning and spatial planning objectives and action plans;
- **do** give advice on how to balance the need to generate receipts for other activities and achieve policy outcomes through the positive use of assets, whether by themselves or through partners; but they
- **do not** currently deal with the formal valuation of assets.

We deal further with valuation in later sections of this Advice Note.

A revised CLG Local Government Capital Finance Guide is currently in draft, and will reflect the general content of these guides.

Disposals under Local Government Act 1972

Primary and secondary legislation

Local Authorities have a very wide power under the Local Government Act 1972 S.123 to dispose of land in any manner they wish for “the best consideration reasonably obtainable”. It was designed to give local authorities as much flexibility as possible, and was drafted at a time when the relationship between central and local government was much more permissive than it became subsequently and is now.

The Quirk Review and others have noted that local authorities have generally taken a very narrow view of what they are able to do. Much central government guidance and its responses to this finding have

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Public assets as investment in communities – Best Value, Asset Management Strategies and Valuation

been to simply restate that the powers are sufficiently wide to do almost anything that a reasonable authority is likely to want or need to do, and that there is thus no need to change it. It cannot be made any more permissive than it already is!

The Government recognises that there may be circumstances where a local authority considers it appropriate to dispose of land at an “undervalue” to achieve its objectives. The General Disposal Consent (England) 2003 issued by ODPM (predecessor to Department of Communities and Local Government) provides a General Consent, removing the requirement for local authorities to seek a specific approval from the Secretary of State when disposing of land at an undervalue in circumstances where:

- The undervalue does not exceed £2 million, and is less than £10m in total in any year; and
- The authority considers the disposal is likely to contribute to the achievement of the promotion or improvement of the economic, social or environmental well-being of people “resident or present” in the whole or any part of its area; what is now commonly called “the wellbeing test”.

Dating from 2003, the Consent and ODPM Guidance on the well-being powers state that Authorities should, where appropriate, have regard to their Community Strategy, and the wellbeing powers introduced in the Local Government Act 2000. The recent and ongoing Planning and Local Government reforms have developed very considerably the scope and significance of these powers and related administrative arrangements and policies to the extent that these are now central to everyday local authority and LSP activity.

Interpretation and application

When disposing of land at an undervalue, Authorities must therefore remain aware of the need to fulfil their “fiduciary duty” and be accountable to local people. It is for the Local Authority to decide whether a disposal meets the criteria of the General Consent, or requires specific Secretary of State’s consent.

Section 123 applies to land held for most local authority functions, except for disposals of land held for housing purposes within the Housing Revenue Account, (governed by the Housing Acts), and for planning purposes, (governed by planning legislation). Land held under powers deriving from the Planning or Housing Acts would need to be appropriated (where it is reasonable and lawful so to do) before the new Consent could be used. Other specific consents/processes may be required for disposal of land held for particular purposes e.g. charitable land, schools, statutory allotment land, playing fields or open spaces.

Local Authorities must be able to demonstrate that they have acted reasonably in agreeing undervalue transactions. They should obtain the view of a professionally qualified valuer as to the likely amount of the “undervalue”. Legal advice may need to be obtained on the question of whether the disposal is capable of falling within the terms of the Consent. The Government advises that it may be useful for a council to keep its appointed auditor informed of any legal advice it receives and the proposed action it wishes to take.

Terms of the General Consent 2003

Introduction

The General Consent has become a touchstone on general principles for the disposal of local authority and other bodies’ (eg English Partnerships’) assets of all kinds, mainly because there is very little other formal guidance and advice.

The Basic Formula

RICS Red Book on Valuation Standards [RICS Books 6th Edition January 2008

www.ricsbooks.com/redbook] UK Practice Statement I Appendix I.5 Valuation of Local Authority

Assets contains the basic valuation formula **$D = UV - (RV + VC)$** where:

- D= Undervalue or Discount
- UV= Unrestricted Value
- RV= Restricted Value
- VC= Voluntary Condition
- When D= <£2m General Consent applies
- When D= >£2m Specific Consent required

Eg. Discount = UV £10m – (RV £8m +VC £1m) = £1m...is covered by the Consent

The Key Definitions

We have summarized the main characteristics of each of the key elements of the formula:

- **Unrestricted Value** is for the most valuable possible use of the land ie:
 - Best consideration reasonably obtainable...
 - ... expressed as a capital sum, ie. rents and benefits in kind capitalised, monetarised benefits, and non-monetary judgments
 - ...for the use that maximizes the consideration... ie. may be different from the use for which the land is actually being sold
- **Restricted Value** is for the use which is actually proposed by the authority and the purchaser ie:
 - Best consideration reasonably obtainable...
 - ...expressed as a capital sum
 - ...for the use for which it is actually being sold...
 - ...and reflects the effect on value of any Voluntary Condition
- **Voluntary Conditions:**
 - Do include any condition that the council chooses to impose
 - Do not include any condition that arises from statutory duties or discretionary duties eg wellbeing powers...which must therefore be reflected in the Unrestricted and/or Restricted Value.
- **Discount or undervalue:**
 - Does mean a discount ie “money off”,
 - Does not mean the consideration for the community benefit or meeting the voluntary conditions

Difficulties with definitions

We have identified three main issues that need clarification by Government, mainly to reflect the changes in policy, practice and interpretation since 2004 that may affect the Consent, as conceived in 2002 and then written in 2003:

- **The difference between Unrestricted Value and Restricted Value**
Where a Core Strategy, (and all the policies and agreements that flow from it eg SCS, LDF, AAP

site allocations, LAA targets, choice of National Indicators etc) are capable of describing both the use of the site and the intended outcomes of development ie what spatial planning is supposed to do, then the potential differences between Unrestricted and Restricted Value may be much less than might have traditionally been considered the norm, under the pre-2004 land use system.

The CLT Pilot Study: Valuation Proposition

The council undertakes housing market studies across all its neighbourhoods. It decides, on the evidence, that people, who cannot afford full home-ownership and will not be eligible for social renting, should be enabled to live in a neighbourhood where house prices, supply and incomes are all out of balance, to be near essential employment, for community stability and cohesion.

The council decides to sell its own land in that area for a nominal £1, so that the new homes are affordable at specified income levels. The council will also ensure through the purchaser of the site that any future purchasers of the homes can buy at a similar entry level price.

This proposal will provide permanently and genuinely affordable housing, fully compliant with the Government's definition of "affordable housing" in PPS3, ie not transitional housing as may be the case with conventional HomeBuy and First Time Buyers' Initiative.

This would be the "best consideration reasonably obtainable", taking account of the evidence-based policy objectives which determines the site use. As there is no other permissible use for that site, that is the market value. There is no other real or theoretical alternative development for say executive homes with minimalist affordable housing, which might have been considered a legitimate Unrestricted Value in the past.

From this proposition, we suggest that:

- There is no Restricted Value, as the Core Strategy for SCS and LDF, or other similarly evidenced council decision, have described the only type of development permissible on this site.
- The principles apply to any proposed use, not just affordable housing, where a site could or should be used to deliver required policy driven wellbeing outcomes.
- This interpretation should not be applied loosely as it will depend on the robustness of the evidence and its specificity to individual sites in the location where the need has been identified.
- Many professionals, in public and private practice, and politicians are still more familiar and comfortable with the pre-2004 planning system, suggesting that more guidance is required from government and professional bodies to modernise interpretations and practice to support current policies. Research by RTPI and CLG in 2006/7 confirms the need for this: *Effectiveness in Spatial Planning*, UCL and Deloitte.
- **Voluntary Conditions**
In the current policy context, we have been unable to identify conditions that local authorities might choose to impose that are not already covered by its statutory and discretionary powers, particularly the very wide ranging wellbeing powers.

In their current form, they are misleading, and it is clear that many think the Voluntary Conditions are part of the reason for the undervalue, rather than being part of the "best

consideration reasonably obtainable”. If they no longer serve any essential function then they should be removed from the calculation of the consideration and undervalue.

- **Best Consideration Reasonably Obtainable**

There is confusion about what can be reckoned as a legitimate part of the consideration. The presumption is that a “best” consideration should be in cash. However, in **any** transaction, where the parties agree, **any** “best consideration reasonably obtainable” can include **any** proportion of:

- Cash
- Monetised value of benefits that can be measured in capital terms
- Benefits that cannot be measured or are hard to quantify, but are nonetheless real, ie outside political and professional comfort zones

The new CLG Asset Management Guides contain a number of suggestions about how to deal with the more difficult aspects of evaluation and appraisal of quantifiable and non-quantifiable non-monetary factors. The aim is for local authorities to devise their own methods for undertaking this appraisal. However, we consider that the guides are not sufficiently clear in their intentions and methodologies. In responding to CLG on the content of the guides, we and other consultees have suggested that CLG provide clearer guidance for a single and simple template that can be used by local authorities, valuation professionals and promoters of community asset transfer projects alike, that can be adapted to local circumstances but around which national best practice experience and professional guidance can be developed.

For the present, we have set out in Advice Note 1.3, a step by step guide and methodology appropriate for the policy objectives being promoted ie. for making the case for disposal of a public asset at a value that properly reflects its intended use.

For more complex and risky projects, the Price/Quality Standards and Treasury Green Book Economic Appraisal process used by English Partnerships [EP] represents a best practice model that could be used more widely.

Housing Land

Local authority owned housing land can be disposed of under S.32 of the Housing Act 1985 with the Secretary of State’s consent. A General Consent was published in 1999 allowing disposal to RSLs in return for nomination rights.

The General Consent 2005 also allows land to be transferred at less than market value to assist in the provision of privately rented housing. Cl.11 of the Appendix to the Consent allows financial assistance and gratuitous benefit to be provided to RSLs, including disposal at less than full market value.

Local authorities can also provide small amounts of grant for the provision of rented housing, both to private landlords and RSLs at up to £3 per head of population per annum under section 25 of the Local Government Act 1988.

Disposal by Government agencies

English Partnerships [Homes and Communities Agency]

As with other public bodies, EP needs to balance its cash requirement to fund its operations and the use of land value as investment in quality and wellbeing outcomes.

The “best consideration reasonably obtainable” for English Partnerships [EP] is currently the market value subject to its contract conditions and Price/Quality Standards, which aim to achieve what, might reasonably be described as wellbeing outcomes, and an economic appraisal based on the Treasury’s Green Book appraisal methodology.

The Price/Quality Threshold ensures that all intending purchasers of EP land have met the standards required before their financial offer for the site is considered. This places all tenderers on an equal footing in relation to standards. The latest versions of the standards are described in English Partnerships’ Quality Standards: Delivering Quality Places" November 2007 and cover:

- Design and Construction
- Environmental performance
- Place management
- Community engagement
- Measures to encourage and support sustainable living

European Rules

All disposals of public assets need to comply with European Commission State Aid rules. These currently exempt disposals for the provision of affordable housing.

Good practice in valuation

To help develop common practice, examples which illustrate methodologies used in agreeing undervalues or disposing of housing land to provide permanently affordable housing that will be PPS3 compliant, will be available over time on www.communitylandtrust.org.uk

Annex I: Proposition for a New General Consent

The following proposition has been sent to the CLG Quirk Review team, and the RICS and RTPI Policy Teams working with CLG on the Planning and Housing and Regeneration Bills 2007.

Need for greater clarity

The context for this proposal is the Commons' Committee Stage discussion, Jan 08, on Sections 10 and 50 of the Housing & Regeneration Bill about new powers for the Homes and Communities Agency HCA.]. It concluded with an undertaking from the Minister to bring back proposals for a new General Consent for the HCA. There was considerable confusion in the debate over the terms on which HCA and local authorities could dispose of assets that reinforced the need for much greater clarity and simplicity, as well as some unpacking of myths and misunderstanding that have grown up around the way the valuation process works.

Need for updating

A new General Consent is needed to update the wellbeing context in which the General Consent 2003 was drafted. This is now simply out of date and insufficiently comprehensive.

There needs to be new guidance generally on the use and investment worth of public assets, grounded in the post-2004 spatial and sustainable community planning regimes, and “placeshaping”. The research in 2006-7 for RTPI and CLG by UCL and Deloitte in “Effective Practice in Spatial Planning” revealed the extent to which the new planning system is not understood in central and local government and government agencies. Its recommendations for more guidance and skills development across government are still being considered and have not yet been acted on.

Two Level Consent

The new General Consent should have two specific elements:

- **For LAs, LSP partners, RDAs and HCA in relation to “community assets”**

These will need to be defined in relation:

- Firstly, to the kind of assets originally envisaged in 2003. This was essentially a *de minimis* provision to enable relatively small transactions to pass without undue process. However, it is clear that people look to the Consent 2003 for much wider guidance on the disposal of public assets than was originally intended, mainly because there isn't anything else; and
- Secondly, to [small/modest scale] community led affordable housing projects, on terms that might also include the draft statutory definition of CLTs, and the forthcoming Matthew Taylor Rural Planning Task Force proposal to redesignate “rural exception sites” as “community housing sites”, especially where public land is also available or acquired for that purpose.

These should be explicitly aligned with Community Calls to Action/PRODs/Local Petitions, as well as the bigger spatial planning and placeshaping agenda which should apply to all parts of the General Consent.

The quantum of “undervalue” permitted should be reset at an appropriate level, and then index linked to ensure it is not eroded by administrative inaction once the general principles have been adopted as policy.

- **For LAs, HCA, and RDAs in relation to the use of larger public assets** especially development land, [including assets (to be) compulsorily purchased] for public interest purposes, and to achieve wellbeing outcomes, where, within the context of the combined LDF/SCS Core Strategy, LAA contract, LGPF Indicators, comprehensive asset management strategy, etc, authorities may dispose of public assets at less than “best consideration reasonably obtainable”.

The policy context should be sufficiently robust for the District Auditor and Treasury to have confidence that assets are to be used to best possible effect, and strike a balance between raising revenue to pay for government activity through receipts and achieving public policy outcomes intrinsic to the assets.

The Consent could be used as an important incentive to LAs and LSPs to ensure that the Core Strategy is embedded in the SCS and LDF, and can demonstrate a clear understanding of the CLG’s Planning Together principles ie. if they did not follow these principles for any justifiable reason, public bodies would be excluded from the Consent, and be marked down in audit inspections.

The quantum of “undervalue” could be set at a higher level, and then index linked. In HCA’s case, the level of EP’s delegated authority from CLG for spending on any single project is currently £10m, but it is understood that the new chief executive wants it increased. EP’s procurement and tendering practice of using contract conditions and Price/Quality Standards, (which aim to achieve what might reasonably be described as wellbeing outcomes) and a rigorous Green Book economic appraisal are the kind of process that the MPs and Minister were searching for in their debate.

For local authorities, there are no obvious precedents for a higher level of delegation, though the Central Local Concordat 2007 provides the context for setting a higher figure.

It would be best to have a single limit for all public bodies, but with a condition, say, that Local Authorities that have not reached a 2 Star or above Best Value inspection on Asset Management would have to call on HCA to advise or manage the disposal process; similar to or as part of its ATLAS advisory/support functions.

Additionally, where land is subject to a “partnership” deal in which the public body retains an [equity] interest, the undervalue may be only be capable of being determined by the final financial outturn of the project, so there should be scope for an undefined undervalue, subject to a cap; all of which will in any event be open to scrutiny by the National; audit Office [NAO]. For example, some Local Housing Company Pilots are on complex neighbourhood scale regeneration projects that will last 15 years plus. Business Plans will have to be segmented to reduce risk, as well as being capable of responding to unknown and unpredictable market conditions over the lifetime of the project. So, some flexibility is essential.

Learning, feedback and review

The administration of the Consent should ensure that basic details of **all** transactions are held “centrally” as a guide to best practice and exemplar approaches, as well as a tool for periodic strategic review by CLG of the effectiveness of the policy. The LAA/MAA, CAA and other inspection processes should ensure adequate monitoring and scrutiny of value for money, local performance and accountability.

Alignment and joining it up

The most important purpose of this Consent would be to align LAs, RDAs [in their new post Sub-National Review role] and HCA and clarify and harmonize their roles and shared responsibility in the exercise of wellbeing powers and the promotion of sustainable development.

Positive use of assets and disposal as investment

The Consent should also reframe the valuation approach as a positive strategy for investment, grounded in evidence based policy, rather in the current negative/more traditional valuation terminology that was developed for one-off transactions. It should advocate rigorous adherence to a small number of specific valuation terms that should be used consistently, and with a clear set of standard definitions. [Many of these have to be inferred in the General Consent 2003 circular] eg market value, best consideration reasonably obtainable, unrestricted and restricted value, and undervalue.

Changed valuation culture

We have suggested the effect of spatial planning and other recent policy developments may make much of the negative vocabulary redundant. Plan-making bodies will need to be especially rigorous in their approach to evidence based plan making and designation of sites for particular “placeshaping” purposes, and to avoid unnecessary challenges by landowners, both public and private, that their sites are being blighted by unreasonable requirements.

The value of having “a duty to promote sustainable development”

We do not think that Housing and Regeneration Bill S.2, which defines the objects of the HCA is sufficiently strengthened by the new Report Stage sub-clause (d): “to contribute to the achievement of sustainable development in England.” Because the Agency will also have planning powers, much clarity and weight would be given to the Agency’s purpose, policy position and authority by making this “a duty” that fully reflects the intentions of Planning Policy Statement 1.

New RDAs will also have dual regulatory planning and investment/delivery functions; so the risk of their new regulatory roles being undermined or devalued must be avoided by ensuring that the more onerous responsibility of the “duty” becomes the dominant cultural driver of professional behaviours in these bodies. The role of plan-making bodies, which can also dispose of assets for wellbeing purposes, will require careful attention.

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Context

This is for an affordable housing programme, making highly focussed interventions in specific neighbourhoods, where the local authority is considering a programme of disposals of council land to a CLT, or other affordable housing providers, to develop PPS3 compliant affordable housing.

This approach has been devised to work in the broad policy and valuation context set out in the earlier Advice Notes 1.1 and 1.2. It reflects the RICS and CLG Public and Local Authority Asset Management Guides, published in January and February 2008 respectively, and the nine specialist CLG and RICS asset management guides currently in draft.

The earlier Advice Notes have sought to position the CLT Pilot Study and the provision of PPS3 compliant affordable housing in the policy framework created by:

- The Planning and Compulsory Purchase Act 2004, which established the new spatial planning system, and
- The Local Government and Public Involvement in Health Act 2007 which established new administrative arrangements for local authorities to deliver and be accountable for spatially focussed wellbeing outcomes that must be aligned and integrated with the spatial planning system.

In these Advice Notes, we have characterized these measures as “Placeshaping”

Given this strong policy context, and our interpretation of local authorities’ powers to sell assets to support these policies, we believe that the evaluation of value for money should and can be set out a simple sequence of eight activities and tests of the council’s proposals:

- Tell the Placeshaping “story of place”
- Gather the Evidence
- Confirm the Policy
- Agree the Administrative Arrangements
- Learn from the Option Appraisal, Risk Analysis and Valuation
- Commit to the Delivery Plan
- Accept the need for Accountability
- Adopt the Learning and Skills Plan

Steps to be adopted by the council and CLT working together:

- **Step 1: Tell the Placeshaping “story of place”**

This should be a simple narrative: What should this place be like? What are we trying to achieve here? What kind of housing do we need and why? How will we know when we have been successful, or not?

The narrative should be a rounded view of the sense of place that will be created, not limited to what will happen within the red line of the site boundary. The Egan Sustainable Communities “wheel”, as later adapted by CLG, provides a useful framework for taking a holistic view of a place and what is proposed.

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This sense of place will come from the full range of activities that a local authority and its partners will need to undertake to deliver its services in the following placeshaping activities, each of which may involve the use of its or its partners' property assets:

- Urban regeneration
- Economic and social development
- The provision of transport infrastructure
- The organisation and delivery of coordinated public services
- Responding to the growth agenda
- Better, and improved choice in, housing
- Improved physical environment
- Improved public realm
- Environmental sustainability
- Heritage and conservation

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The matrix below is taken from the forthcoming CLG/RICS Placeshaping guide leaflet and amended to focus on the key drivers of this project. It can be used by the local authority stakeholders and its partners to build up a shared understanding of the ‘placeshaping’ scope of the project, and to test the best fit of the proposed course of action and other possible options, such as ‘doing nothing’ on this site, or selling to maximise the capital receipt.

See also the section on Option Appraisal below.

| PLACE SHAPING AND SUSTAINABLE COMMUNITIES LOCAL AUTHORITY PROPERTY ASSET RESPONSE | Effective and inclusive participation, representation and leadership | Cohesive, vibrant, harmonious and inclusive communities | Housing and the built environment | Flourishing and diverse economy | Environmental friendly places | A full range of public, private, community and voluntary services | Transport and connectivity and linking homes jobs services, and leisure activities | Fair for everyone |
|---|--|---|-----------------------------------|---------------------------------|-------------------------------|---|--|-------------------|
| Appropriately involving wider stakeholders in property asset decisions | | | | | | | | |
| Co-location of facilities and services | | | | | | | | |
| Dealing with climate change in land and buildings | | | | | | | | |
| Land acquisition | | | | | | | | |
| Providing land for new housing | | | | | | | | |
| Enabling PPS3 compliant affordable housing [NEW] | | | | | | | | |
| Transfer of LA property assets to local communities | | | | | | | | |
| Provision of land and buildings for local authority services | | | | | | | | |
| Sustainable locations | | | | | | | | |
| Using local authority property assets to improve the public realm | | | | | | | | |
| Using local authority property assets to encourage inward investment | | | | | | | | |
| Using local authority property assets to assist housing market renewal | | | | | | | | |
| Using local authority property assets to provide infrastructure for regeneration | | | | | | | | |
| Using local authority property assets to pump prime new development, redevelopment and urban regeneration | | | | | | | | |
| Using local authority property assets to improve design, townscape and heritage conservation | | | | | | | | |

- **Step 2: Gather the Evidence**

The council prepares a set of citywide neighbourhood Housing Needs and Requirement Studies, identifying the needs of specific places, ie access to and affordability of housing in relation to incomes, house prices/rents, other housing related costs and the availability of existing homes and new supply in particular places.

This evidence will be used to inform individual decisions about particular sites, but will also be used in the council’s Core Strategy, the Sustainable Communities Strategy, the choice of National Indicators and the content of Local and Multi- Area Agreements. It will thus be an essential source of evidence for the council’s corporate planning activities and asset management strategies.

- **Step 3: Confirm the Policy**

Establish that the policy context has been approved at the appropriate level of authority.

Ensure all the stakeholders within the council and amongst its partners are aware of and have agreed to work with the policy context and drivers behind the proposed action, and understand the implications of the policy for their contribution to making the project(s) happen and ensuring it makes an appropriate and timely contribution to the delivery of policies and achievement of targets and outcomes.

We have identified two key themes for policy:

- The top down National Improvement and Efficiency Strategy, which plays into the Regional Improvement and Efficiency Partnerships, and the local authority specific Asset Management Strategies and Best Value objectives.
- The (more) bottom up joined-up approach to integrating physical proposals and wellbeing outcomes, which will enable the council as Local Planning and Strategic Housing Authorities and asset owner to adopt a more robust and consistent approach to securing PPS3 compliant affordable housing, in both planning applications generally and in the use of its own assets “in that place”.

- **Step 4: Agree the Administrative Arrangements**

Ensure that all the stakeholders within the council and amongst its partners agree to work together to plan how the policies will be promoted and delivered through current or planned LAA contract outputs and outcomes, planning conditions, s106 agreements and other partnership/contract arrangements.

The administrative context must set out how the project and its stakeholders will deliver and contribute to the delivery of the selected nationally and locally monitored National Indicators for Local Authorities and partners contained or to be included in the LAA. The stakeholders will need to show how they are taking advantage of the opportunities provided by this project to promote (inter alia):

- Partnership working
- Sharing knowledge
- Community transfer and ownership of assets
- Financing of new assets
- Efficiency gains

• **Step 5: Learn from the Option Appraisal, Risk Analysis and Valuation**

There is a need for CLG to promote the adoption of new standard templates for quantitative and qualitative evaluation, to encourage consistent practice, and facilitate action. There is a need for a methodology to include multi-stakeholder engagement and dialogue on objectives, option appraisal and shared understanding about the basis of valuation to be adopted, and factors to be taken account of in valuation: all proportionate to scale and risks in project/programme. A good precedent for this approach is the Pink Book, a bespoke Treasury Green Book methodology, for Estate Option Appraisal on the DOE/DETR Estate Action Programme 1987-94.

However, for the purposes of this advice, we believe the primary objective is to ground decisions about the use of council owned land, and thus the basis for valuation of any transfer of council assets, in the use of the council’s wellbeing powers, meeting its obligations under the forthcoming LAA/MAA, and ensuring the spatial planning and placeshaping system enables the council to take a stronger lead in increasing and speeding up the supply of PPS3 compliant affordable housing on land in **any** ownership.

We propose an evaluation that comprises the following elements:

- Selection and weighting of the most relevant (to the policy and the place) National Indicators, that may include both nationally and locally-only monitored indicators;
- Qualitative Appraisal of “best policy/wellbeing outcome fit” to a range of options for the use of the site/asset; and
- Valuation of the site for a preferred option based on required levels of affordability and affordability retention arrangements, benchmarked against an agreed Value for Money comparator or evidence of similar housing types and standards for costs and values.

National Indicators for Local Authorities and LA Partners [CLG May 2008]

The latest list of National Indicators has been edited to suggest a range of indicators that might be selected, (with the most relevant highlighted in bold). Some of the indicators are proxy for the small stable intentional communities that are the intended outcome of the CLT-type developments, with a high degree of mutual support amongst residents.

The selection of a short list of priority indicators should focus on both the council’s key policy objectives to speed up and increase the supply of PPS3 compliant affordable housing and the wider ranging objective of creating sustainable communities shared by the council, partners and citizens.

The selection and/or weighting of a short list of Indicators (probably no more than 10 maximum) should be agreed by the stakeholders working together, either as a consensual single list, or expressed as set of complimentary lists/weightings for comparison of different stakeholder perspectives in the appraisal.

| N. | Indicator Category | Priority |
|----|---|----------|
| | COMMUNITY BELONGING & COHESION | |
| 1. | % of people who believe people from different backgrounds get on well together in their local area | |
| 2. | % of people who feel that they belong to their neighbourhood | |
| 3. | Civic participation in the local area | |
| 4. | % of people who feel they can influence decisions in their locality | |
| 5. | Overall / general satisfaction with local area | |
| 6. | Participation in regular volunteering | |
| 7. | Environment for a thriving third sector | |

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| | | |
|------------|--|--|
| 8. | Adult participation in sport and active recreation | |
| | | |
| | COMMUNITY SAFETY | |
| 17. | Perceptions of anti-social behaviour | |
| 21. | Dealing with local concerns about anti-social behaviour and crime issues by the local council and police | |
| 22. | Perceptions of parents taking responsibility for the behaviour of their children in the area | |
| 23. | Perceptions that people in the area treat one another with respect and consideration | |
| 24. | Satisfaction with the way the police and local council dealt with anti-social behaviour | |
| 25. | Satisfaction of different groups with the way the police and local council dealt with antisocial behaviour | |
| | | |
| | CHILDREN & YOUNG PEOPLE | |
| 106 | Young people from low income backgrounds progressing to higher education | |
| 110 | Young people’s participation in positive activities | |
| 116 | Proportion of children in poverty | |
| 118 | Take up of formal childcare by low-income working families | |
| 199 | Children and young people’s satisfaction with parks and play areas | |
| | | |
| | HEALTH | |
| 119 | Self-reported measure of people’s overall health and wellbeing | |
| 138 | Satisfaction of people over 65 with both home and neighbourhood | |
| 139 | The extent to which older people receive the support they need to live independently at home | |
| | | |
| | ECONOMIC DEVELOPMENT & EMPLOYMENT | |
| 151 | Overall Employment rate (working-age) | |
| 166 | Median earnings of employees in the area | |
| 171 | New business registration rate. | |
| 172 | Percentage of small businesses in an area showing employment growth | |
| 174 | Skills gaps in the current workforce reported by employers | |
| | | |
| | HOUSING & PLANNING | |
| 154 | Net additional homes provided | |
| 155 | Number of affordable homes delivered (gross) | |
| 156 | Number of households living in temporary accommodation | |
| 157 | Processing of planning applications | |
| 159 | Supply of ready to develop housing sites services | |
| 160 | Local authority tenants’ satisfaction with landlord | |
| 170 | Previously developed land that has been vacant or derelict for more than 5 years | |
| 182 | Satisfaction of business with local authority regulatory services | |
| | | |
| | CLIMATE CHANGE | |
| 186 | Per capita reduction in CO2 emissions in the LA area | |
| 188 | Planning to Adapt to Climate Change | |
| 189 | Flood and coastal erosion risk management | |

| | | |
|-----|---|--|
| 191 | Residual household waste per household | |
| 197 | Improved Local Biodiversity – proportion of Local Sites where positive conservation management has been or is being implemented | |
| | | |
| | TRANSPORT | |
| 167 | Congestion – average journey time per mile during the morning peak | |
| 175 | Access to services and facilities by public transport, walking and cycling | |
| 176 | Working age people with access to employment by public transport (and other specified modes) | |
| 198 | Children travelling to school – mode of transport usually used | |
| | | |
| | ASSET MANAGEMENT | |
| 179 | Value for money – total net value of ongoing cash-releasing value for money gains that have impacted since the start of the 2008-09 financial year | |

Qualitative Option Appraisal

The main purpose of this stage is to use it as a focus for partnership working, not just around the appraisal but about all aspects of the planning for the delivery of the project; to use the joint thinking about the appraisals as the opportunity for testing out the mutual expectations of all the stakeholders.

We have modified the Qualitative Option Appraisal table in the forthcoming CLG/RICS “Making the right choices” Guide No.5 to show how this might be used in this programme.

In the appraisal, the stakeholders must agree:

1. The options to be assessed.

These are usually “Do Nothing”, leaving the site as it is, subject to minimal upkeep but with the potential for incurring significant opportunity costs, attracting undesirable activity, upsetting local people etc) ...a Preferred Option, doing what you want to do...other realistic options for achieving the same or nearly the same outcomes...and maybe some other genuinely legitimate and possible alternative use that may be more or less “valuable” or desired than the Preferred Option eg play area, wildlife reserve, or even “executive” homes.

2. The weighting for each indicator

The stakeholders must first agree the rank order of the chosen indicators. Each indicator can then be given a weighting factor to show its relative importance. The two most straightforward ways are Proportional Weighting or Paired Weighting. In Proportional Weighting, each indicator is allocated a proportion percentage, ex 100%, so the most important factor might attract 50%, and the other five factors 10% each if they are all of equal importance. In Paired Weighting, the most important factor is given 100 points, and if Indicator 2 is considered to be 75% as important as Indicator 1, it is allocated 75, then Indicator 3 may be seen as half as important as Indicator 2 so is allocated 37.5 points, and so on. The scores are then normalised to an index of 100 or 1, similar to the Proportional Weighting.

3. The Score for each Indicator against each option

Remembering that the aim is to decide the best fit for the indicator against each option, not a quantitative score, there are two choices here as well. The first is simple ranking ie Option 2

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is the best fit of three options, so scores 3; Option 1 is the worst so scores 1, etc. The second is differential ranking which will give more gradation in the distinction between options ie Fits...4 Very Well...3 Good...2 Fair...1 Poor...0 Not at all, (or whatever graded scale seems appropriate.) All Indicators must be assessed using the same scoring system.

The important outcome is the shared understanding through discussion, and less the “accuracy” of the weighting and scoring.

Valuation and Value for Money

The stakeholders should agree at the outset what the valuation approach should be, and whether General Consent 2003 applies or not.

In the scenario established in the Advice Notes, it is assumed that the residual land value, based on the required levels of affordability and the permanent retention of affordability, will result in a very low land value. Given the policy objectives, this will be the “best consideration reasonably obtainable”.

There may be situations where the policy context permits alternative uses of the site being considered. If one of these uses is more valuable than the PPS3 compliant affordable housing proposal, then the General Consent 2003 will need to apply on any non-housing land being considered.

The CLT promoter’s proposals should be benchmarked against an agreed comparator scheme for the costs and values of similar types and quality of housing, to ensure that there is a realistic indicative budget for the project, and thus a strong indication of the likely value of the asset transfer, from a very early stage. It is also important to ensure that all the stakeholders have established the Value for Money credentials for the project as a basis for proceeding through the next steps of the process, and not to wait till the end to establish Value for Money criteria .

Business development and planning

This stage should be the core part of the CLT’s own Business Plan process, including a supported organisational and project development process if needed. [Information on the Adventure Capital Fund approach can be supplied if necessary.]

Qualitative Appraisal Matrix

| National Indicators: Qualitative Best Fit Assessment | Weight Ex 100% or 1.00 | Option 1 Do Nothing | | Option 2 PPS3 Compliant CLT | | Option 3 PPS3 Compliant Other | |
|---|------------------------------|------------------------|-------------------|--------------------------------|-------------------|----------------------------------|-------------------|
| | | Score | Weighted Score | Score | Weighted Score | Score | Weighted Score |
| | | | | | | | |
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| | | | | | | | |
| Qualitative Score Totals | | | | | | | |

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- **Step 6: Commit to the Delivery Plan**

The project promoter must take responsibility for setting out clear arrangements for the stakeholders, specifying who does what, how and when, and what are the risk management arrangements?

- **Step 7: Accept the need for Accountability**

All the stakeholders will have responsibilities for performance in relation to the sale contract or lease terms and covenants, s106 agreements, LAAs/MAAs etc for the delivery of outputs, outcomes and long term stewardship of place and partnering with council/LSP in a continuing long term relationship to promote wellbeing. The project promoter must put all the accountability arrangements in place, and ensure that ongoing review and monitoring is integral to the way the project is managed, and is effective.

- **Step 8: Adopt the Learning and Skills Plan**

All the stakeholders must make a commitment to action learning and continuous policy review on the project, to ensure there is best practice and experiential feedback to Members, LSP partners in city, and wider public and knowledge stakeholders eg LGA, IDEA etc.

Conclusion

In this Advice Note, we have focussed on making the appraisal and evaluation process fit with the main drivers of local authority activity and policy. We have avoided making the process more complex, with a full Green Book appraisal, (especially as there is an absence of clear guidance from CLG, in the short term at least) as being disproportionate to the task of validating the project.

The process for generating policy and projects may never fit the policy framework and its timetables as perfectly as official guidance suggests will be possible. In this process, therefore, there must be the scope and flexibility for projects to be generated by a top-down corporate management planned approach in which the authority is commissioning the CLT or other affordable housing providers, as well as a bottom-up approach from a community-initiated CLT responding to a unique opportunity to meet need. Both are equally legitimate if framed by policy and supported by evidence. This Advice Note can be used in either case.