

Agenda Item No:

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**Report of :** Head of Land and Property  
**Report to :** Director of City Development  
**Date:** November 2014  
**Subject:** Land to the East of Otley

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s):	Otley & Yeadon	
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

## Summary of main issues

1. To the East of Otley is an area of land extending to circa 29.98 hectares (74 acres) which has a phase 3 Housing allocation in the adopted UDP. The site is described as having an 'existing allocation' in the Site Allocations Plan, which is currently under consideration. As such it is being proposed to continue with this allocation.
2. Within this allocation the Council own 2 areas of land, as shown on the attached plan. These extend to approximately 6.33 hectares (15.6 acres). The remainder of the land is in the ownership of several landowners. One of these land owners is Persimmon Homes.
3. As Persimmon Homes already has a land interest they wish to acquire further ownerships including the Council land for housing development. They are in negotiations for options to purchase agreements with several owners and have approached the Council with a request to acquire an option over the one part of the Council's ownership within the allocation.

## Recommendations

4. It is recommended that one to one negotiations are entered in to with Persimmon Homes for the disposal of the Council owned land as identified on the attached plan. Disposal is proposed to be by way of an option agreement, the terms of which will be reported back to the Director of City Development for consideration with a recommendation.

## **1 Purpose of this report**

- 1.1 The purpose of this report is to seek approval to enter into one to one negotiations with Persimmon Homes for the acquisition of the Council owned land as shown on the attached plan.
- 1.2 Acquisition is proposed by way of an option agreement, the terms of which would be reported back to the Director of City Development for consideration.

## **2 Background information**

- 2.1 An area of land to the East of Otley has a phase 3 Housing designation in the current UDP. The site extends to 29.98 hectares (74 acres) and is in the ownership of several parties. The Council owns the land as identified within the Housing allocation.
- 2.2 As part of the housing allocation, the UDP identifies a need for the construction of a new road to service the development. This is known as the East of Otley Relief Road, running from the A660 to the Poole Road. The road is designed to take pressure off the existing road network together with servicing the new development.
- 2.3 Persimmon Homes are one of the land owners within the allocation. Their land is identified on the attached plan.
- 2.4 For several years, Persimmon Homes has been looking to bring this Housing Designation land forward for development. They are in negotiations with other land owners in order to enter in option agreements to acquire other areas of land.
- 2.5 As Persimmon Homes is negotiating option to purchase agreements with other owners, they have approached the Council with a request to acquire an option over the Council's ownership.

## **3 Main issues**

- 3.1 The Council owned land is only part of a much larger housing allocation site. In order to bring forward the development, to include the East Otley relief road, a site assembly process will have to take place.
- 3.2 Persimmon Homes are not the only land owner, and are in negotiations with several other land owners. As such it is prudent to enter into discussions with them to consider the sale of the Council owned land as part of the overall process.
- 3.3 The development will require the construction of a new relief road. This will add to the cost of the development and the need for a site wide consensus as to how the road will be funded as it crosses several ownerships.
- 3.4 There is currently a pressure to bring forward sites for housing developments. The housing allocation site in its entirety would significantly help towards housing numbers and as such the Council should be supportive to having the site considered.
- 3.5 When considering this proposal, other options have been taken into consideration these are:
  - i. **To sell the land on the open market in isolation.** The Council's land forms only part of the overall site and to sell it in isolation may not result in the entire

housing allocation coming forwards, which is required for the construction the relief road. The site is landlocked and its development in isolation for housing or other appropriate scale of development would be unlikely. The highest price for the land would not be realised by pursuing this option. The most likely purchaser would be Persimmon homes in any event.

- ii. **To sell on the open market by way of joint agreement with all the owners.** The Council could undertake a joint marketing of its ownership, with all or some other owners, to the market generally. This would, however, still necessitate the identification of a party to facilitate co-ordinated negotiation with all owners, overall marketing and the cost of evaluating proposals and obtaining technical information, a role which Persimmon Homes are already undertaking. Providing the Council obtains best consideration in its dealings with Persimmon this option should not secure additional benefits to the Council.
- iii. **To enter into one to one negotiations for an option agreement.** Persimmon Homes are the most likely purchaser for the site. They have been involved with this Housing Allocation site for several years and are a land owner themselves. On the basis that Persimmon can demonstrate agreement with other owners; the Council could proceed to enter negotiations for a transaction with Persimmon on the basis of a proposal under which the Council would obtain best financial consideration for its ownership.
- iv **Do nothing.** The Council could retain its ownership and do nothing. This may result in the Councils land becoming landlocked preventing development in isolation and the release of the development value in the land. In addition, the Council would not be supporting the delivery of new housing.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 Ward Members were consulted by way of letter on the proposal to enter into discussions / negotiations with Persimmon Homes to dispose of the Council owned property by way of an option agreement.
- 4.1.2 A meeting was set up to discuss the matter with all 3 Ward Members following their receipt of the letter.
- 4.1.3 All 3 Ward Members expressed a consensus of opinion in that whilst they supported the Council land being disposed of by way of the method proposed, they wanted to ensure that the relief road was built as part of the development.
- 4.1.4 Cllr Campbell has since that meeting been in touch by way of email to express his concerns on school pressures in the area. In that regard he added to his support of the disposal that if the Council 'sells the land in question it should be on the understanding that any developer would provide appropriate space for a school development, (or we may wish to retain some land ourselves for such a development).'
- 4.1.5 The Executive Member for Transport & the Economy and the Executive Member for Neighbourhoods, Planning and Personnel were briefed in September 2014 in relation to the options considered above and were supportive of the option recommended in this report.

### **4.2 Equality and Diversity / Cohesion and Integration**

4.2.1 This proposal does not have specific implications on equality, diversity, cohesion and diversity.

### **4.3 Council Policies and City Priorities**

4.3.1 This proposal to enter into one to one negotiations to dispose of this property will generate a capital receipt that will help contribute to the Council's Capital Programme, which supports a number of Council policies and city priorities.

4.3.2 There are school place pressures in the area and as part of any transaction it is important that these are addressed in so far as the Council is able by way of setting land aside or some other similar mechanism.

### **4.4 Resources and Value for Money**

4.4.1 There is no specific Council function identified for the subject land, it forms part of an overall housing allocation site. Persimmon Homes are looking to undertake a land assembly process to bring the site forward for development and they are currently attempting this at their own cost. They have the expertise to assemble the overall site and have a vested interest by way of also being a land owner. The proposal in this report i.e. to enter into negotiations with Persimmon Homes represents prudent use of resources in that discussions can be had to ensure the Council land can be utilised at best value for money.

### **4.5 Legal Implications, Access to Information and Call In**

4.5.1 Under Part 3 Section 3E Paragraph 2(a) of the Council's Constitution (Officer Delegation Scheme (Executive Functions)) the Director of City Development has authority to discharge any function of Executive Board in relation to the management of land (including valuation, acquisition, appropriation, disposal and any other dealings with land or any interest in land) and Asset Management.

4.5.2 The Director of City Development has authority to take the decisions requested in this report under Executive functions 1 and 10 (specific to the Director of City Development) of the Director of City Development's sub delegation scheme.

4.5.3 The proposal constitutes a significant operational decision and is therefore not subject to call in.

4.5.4 The Head of Land and Property confirms that the proposed method of disposal set out above is the method most likely to result in the Council achieving the best consideration that can reasonably be obtained under Section 123 of the Local Government Act 1972 (or under the Housing Act 1985).

### **4.6 Risk Management**

4.6.1 The proposal in this report is to enter into one to one negotiations with Persimmon Homes for the disposal of the Council owned land as identified in the attached plan. This would be by way of an option agreement, the terms of which would be reported back to the Director of City Development for consideration. The main risks associated with this proposal are:

- a. Agreement to terms cannot be reached – in this instance the land will remain in the ownership of the Council and there will be no change

- b. Another party makes enquiries to purchase – this is considered unlikely. Persimmon is not only an interested developer but is also a land owner within the allocation. They are also in negotiations with other relevant land owners and have been connected with this allocation site for several years. In that same timeframe no other party has come forward to express an interest in the purchase and development of the subject site.

It may be considered that the Council may not realise best consideration for its land by exchanging an option agreement with Persimmon. The option will however, be drafted that the purchase price of the land will be negotiated and agreed at the time Persimmon wish to acquire, with the benefit of detailed planning permission. The Council will realise best consideration.

## **5 Conclusions**

- 5.1 It is concluded that the most appropriate option is that a one to one negotiation is entered into with Persimmon Homes for the disposal of the Council owned land as identified on the attached plan by way of an option agreement.
- 5.2 The terms for the option agreement would be reported back to the Director of City Development for consideration with a recommendation.

## **6 Recommendations**

- 6.1 It is recommended that one to one negotiations are entered in to with Persimmon Homes for the disposal of the Council owned land as identified on the attached plan. Disposal is proposed to be by way of an option agreement, the terms of which will be reported back to the Director of City Development for consideration with a recommendation.

## **7 Background documents<sup>1</sup>**

- 7.1 None

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.