

Report of the Head of Asset Management

Report to the Chief Officer Asset Management and Regeneration

Date: 10 February 2021

Subject: Land at Bishops Way, Seacroft, LS14

Are specific electoral wards affected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, name(s) of ward(s): Killingbeck and Seacroft	
Has consultation been carried out?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If relevant, access to information procedure rule number: Appendix number: 10.4.3	

Summary

1. Main issues

- The subject site is contracted to be sold under the Council's Brownfield Land Programme (BLP) to Strata Homes (or, as directed by Strata, to their subsidiary Ignite Homes).
- The sale contract requires final agreement to the sale price of the land, ahead of sale completion, reflects most current house values and development costs to ensure market value is received.
- A number of title issues require addressing as part of legal completion.

2. Best Council Plan Implications

- The sale of the site will deliver 114 new houses as part of the BLP supporting the Council's housing delivery objectives to include diversification of tenure type in an area characterised by large scale social housing.

3. Resource Implications

- The site value is assessed on the basis of market value in line with BLP contract provisions, a contract entered into after a competitive open market tendering process in order to ensure that a market facing competitive bid was obtained.
- The receipt will be available to support the Council's spending programme.

Recommendations

- a) It is recommended that the “drawdown “value be approved for the site , to enable sale completion to take place, and that the proposed title issues addressed, each as outlined in the confidential appendix to this report.

1. Purpose of this report

- 1.1 The purpose of this report is to seek approval to the “drawdown “value for the site, to enable sale completion to take place, and that the proposed title issues be addressed, each as outlined in the confidential appendix to this report.

2. Background information

- 2.1 The subject site is one of a number of sites contracted to be sold to Strata/Ignite Homes and Keepmoat Homes to support large scale new housebuilding across the Seacroft, Osmondthorpe and Halton Moor area of Leeds and capital receipt generation from those sales as a part of the Council's Brownfield Land Programme the inception of which was approved by Executive Board in January 2013.
- 2.2 Executive Board approved the Brownfield Land Programme land disposal of the sites including Bishops Way, on the basis of the major impact it would have in the target area in delivering new residential property on a packaged approach rather than on an individual ad hoc basis, working with two developers to ensure a considered and programmed approach to development and release of new housing stock to the market. It was agreed that the sites would be valued individually at stages throughout the process and transacted at market value. As an Executive decision this was subject to normal call-in requirements
- 2.3 Following a competitive marketing exercise bids were considered and the offer and proposal from Strata Homes and Keepmoat Homes was subsequently approved leading to a conditional contract and development agreement being entered into jointly with the Council. The Council entered into the sale contract and development agreement in December 2016 with the housebuilders in respect of thirteen sites in the programme (including Bishops Way) following approval to their bid on 11 March 2016 by the Director of City Development further to the mandate of Executive Board.
- 2.4 The contract makes provision for the monitoring of and then the final determination of the sale price of each site, at points over the condition discharge period and finally at the drawdown of each site. The drawdown appraisals, once agreed form the basis of completing the land transaction.
- 2.5 Strata/Ignite Homes now wish to draw down the subject site in order to progress their development programme which will see 114 new houses built on the site.

3. Main issues

- 3.1 The valuation process under the BLP land contract is an iterative process whereby the site value is assessed at several stages including post grant of planning permission and ahead of site “drawdown”.

- 3.2 The valuation reflects established development costs (including planning costs) and prevailing housing market conditions at the time of assessment to ensure that viability remains achievable. All development costs have been examined by Council engineers to establish their appropriateness and level.
- 3.3 Part of the site (shown X on plan) is leased to an adjoining academy and this and a number of other title issues are in the process of being addressed in anticipation of a sale completion.
- 3.4 The confidential appendix outlines the previous “post planning” consent assessment of site value and measures provisionally agreed with the housebuilder to address the title issues.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 Ward members and the Executive Member have been engaged with at various points throughout the BLP. The development of the site has received full planning consent involving the normal public consultation.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 No specific issues arise from the recommendations of the report.

4.3 Council policies and the Best Council Plan

- 4.3.1 The site is to be sold to enable new build housing development to take place supporting housing delivery objectives of the Council, promoting tenure diversification in an area characterised by large scale social housing.

Climate Emergency

- 4.3.2 The scheme proposed has received planning consent. The contract was entered into prior to the Council's declared climate emergency, however green public open space will be provided/enhanced (including new tree planting) as a part of the broader BLP. The programme seeks to regenerate brownfield land and therefore alleviates development pressures on green field sites.

4.4 Resources, procurement and value for money

- 4.4.1 The site will be transacted on the basis of market value and therefore represents the optimal available in the market place. The housebuilders entered into the sale contract for the subject site and others in the BLP after a competitive tendering exercise on the open market to ensure that competitive bids were secured.
- 4.4.2 The Head of Asset Management considers that the value attributed to the site represents the best consideration reasonably available for the site as required to discharge the Council's legal obligations under 123 of the Local Government Act 1972 (or the Housing Act 1985).

4.5 Legal implications, access to information, and call-in

- 4.5.1 Under Part 3, Section 3E(g) of the Council's Constitution (Officer Delegation Scheme (Executive Functions)) the Director of City Development has authority to discharge any function of the Executive in relation to Asset Management.
- 4.5.2 The Chief Officer Asset Management and Regeneration, Head of Asset Management, Head of Land and Property and Deputy Head of Land and Property have authority to take decisions in relation to Asset Management as delegated in the Director of City Development's sub delegation scheme.
- 4.5.3 The proposal constitutes an Significant Operational Decision and is therefore not subject to call in.
- 4.5.4 The information contained in the appendix attached to this report relates to the financial or business affairs of a particular person or company, and of the Council. This information is not publicly available from the statutory registers of information kept in respect of certain companies and charities. It is considered that since this information was obtained through one to one negotiations for the disposal of the property/land then it is not in the public interest to disclose this information at this point in time. Also it is considered that the release of such information would or would be likely to prejudice the Council's commercial interests in relation to other similar transactions in that prospective purchasers of other similar properties would have access to information about the nature and level of consideration which may prove acceptable to the Council. It is considered that whilst there may be a public interest in disclosure, much of this information will be publicly available from the Land Registry following completion of this transaction and consequently the public interest in maintaining the exemption outweighs the public interest in disclosing this information at this point in time. It is therefore considered that this element of the report should be treated as exempt under Rule 10.4.3 of the Access to Information Procedure Rules.

4.6 Risk management

- 4.6.1 The risks associated with the proposal of this report are contained within the confidential appendix to the report.

5. Conclusions

- 5.1 It is concluded that the "drawdown "value be approved for the site, to enable sale completion of the subject site to take place, and that the proposed title issues be addressed, each as outlined in the confidential appendix to this report.

6. Recommendations

- 6.1 That the "drawdown "value be approved for the site, to enable sale completion to take place, and that the proposed measures to address title issues be addressed, each as outlined in the confidential appendix to this report.

7. Background documents¹

- 7.1 None

¹ 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.