

Council Land at Parkway Close and Brooklands Avenue, Seacroft, LS 14

Date: 1 October 2021

Report of: Land & Property

Report to: Chief Officer Asset Management and Regeneration

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

- The Council owned sites at Parkway Close and Brooklands Avenue, as indicated on the attached plans 1 and 2, are part of the Council's Brownfield Land Programme (BLP) which was established by Executive Board in January 2013 with the aim of bringing sites forward for redevelopment in a proactive and coordinated way.
- The sites within the programme provide the opportunity for major residential redevelopment which will contribute to the overall regeneration of the Seacroft, Halton Moor & Osmondthorpe areas and, following a marketing exercise the Council has contracted to sell the sites to Ignite Homes (a subsidiary of Strata Homes) and Keepmoat Homes. The two subject sites are contracted under the programme to be sold to Keepmoat Homes.
- All sites in the programme have received planning permission and are being drawn on a phased basis by the developers pursuant to a development agreement which provides for final price settlement at completion of each site sale.
- The sites are now being drawn down for proposed development therefore necessitating settlement of the final transfer price in accordance with the provisions of the contract which provides for revaluation at this stage.
- Details of the "post planning" appraisals for each site and the provisionally agreed drawdown appraisal are contained within the confidential appendix to the report indicating an improvement in values between the assessments consequent to an increase in house prices albeit off set to a degree in construction costs over the same period.
- The valuations are proposed for approval and noting to enable completion of the sale of the sites in accordance with the agreement to enable development to start this year on the scheme to deliver a mixture of two, three and four bedroomed houses across the site.

- Discussions and negotiations have now been undertaken with regards to updating anticipated revenues and development costs and other appraisal inputs to determine the residual land value in respect of the sites and have been provisionally agreed after interrogation by Council engineers.

Recommendations

- a) It is recommended that the Chief Officer Asset Management and Regeneration notes and approves the land value assessments for each site contained in the confidential appendix to this report allowing completion of the site transfers to Keepmoat Homes.

Why is the proposal being put forward?

- 1 The proposal is to note and approve the land valuations enabling sale completion of the subject site ahead of proposed development for housing to satisfy existing sale contract requirements.

What impact will this proposal have?

Wards Affected:

Have ward members been consulted?

Yes

No

- 2 Ward members have been consulted with respect to the Brownfield Land Programme sites over a period of time and are supportive of the programme.

What consultation and engagement has taken place?

- 3 Ward members and the then Executive Member for Regeneration, Transport and Planning were briefed and consulted throughout the process and are supportive of the initiative to sell the sites. It is not considered necessary or appropriate to further liaise with them in connection with routine matters of individual site valuations.
- 4 The housing development proposed for the sites has received full planning consent and has been the subject of public consultations with the local community presented both during the pre-planning application stage of scheme evolution and through the planning application process in the normal manner.

What are the resource implications?

- 5 The completion of the sale of the subject sites will generate capital receipts to the Council which can be used by the Council to support its capital spending programme.
- 6 Tendering of the sites within the BLP was undertaken through the HCA DPP process to ensure competitive market based bidding for the sites in order to ensure that the optimum offer obtainable in the market was achieved.
- 7 The selected bid and resultant contract reflects the need for the sites to be transacted at optimum viable levels by requiring binding price determination to be finalised at drawdown of each site. This will ensure that the best price will be achieved at the date of sale completion by reflecting a settled scheme for the sites (from which values are derived), current and independently assessed and costed substantial abnormal development and planning costs and prevailing market condition.

- 8 In addition to the capital receipt generated from the land sale the development agreement contains overage provisions whereby the Council shares a proportion of any enhanced sales proceeds generated from house sales by the housing development (offset by an any increase in development costs).

What are the legal implications?

- 9 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.
- 10 The Chief Officer - Asset Management and Regeneration, Head of Asset Management and the 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.
- 11 The proposal constitutes a Significant Operational decision and is therefore not subject to call in.
- 12 The information contained in the appendix attached to this report relates to the financial or business affairs of a particular person, 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.
- 13 The valuations are proposed on the basis that the Head of Asset Management is of the opinion that the consideration represents the best consideration reasonably obtainable for the sites, as required, pursuant to s123 of the Local Government Act 1972 and satisfies the requirements of the development agreement.

What are the key risks and how are they being managed?

- 14 There are no specific risks associated with the proposal.

Does this proposal support the council's 3 Key Pillars?

Inclusive Growth Health and Wellbeing Climate Emergency

- 1.1.1 The disposal of the sites will support the Council's objectives for the delivery of housing growth, including the provision of affordable housing improving housing stock and diversifying tenure types promoting improved living conditions.

Options, timescales and measuring success

a) What other options were considered?

15 The Council is contractually obligated to settle the valuations and to complete the sales of the sites once that valuations are agreed and as such there are no other options available to the Council without being in breach of contract. In the absence of reaching agreement to the valuations, the sale contract provides dispute resolution mechanisms for settlement however the proposal of this report is that the valuations reported are reasonable and correctly assessed in accordance with contract requirements.

b) How will success be measured?

16 Success be measured by completion of the sale of the subject sites.

c) What is the timetable for implementation?

17 Legal completion of the land sales will be facilitated upon approval to the site valuations.

Appendices

18 Confidential appendix 1 sets out details of the site valuations recommended for approval.

19 Site plans showing the extent of each site are attached.

Background papers

20 None