

Land at Kendal Drive/Rathmell Road, Seacroft, Leeds 14 - Leeds Brownfield Land Programme

Date: 30 June 2022

Report of: Land and 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

Confidential Under Access to Information Procedure Rule
10.4.3

What is this report about?

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

- The subject sites, which are shown on the attached plan numbered 1 to 5, are 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 and to generate a capital receipt to the Council.
- The sites are contracted for sale by Leeds City Council to Keepmoat Homes as part of the Leeds Brownfield Land Programme (BLP) package of sites and are the last in the programme to be transferred. The BLP supports large scale new housebuilding across the Seacroft, Osmondthorpe and Halton Moor areas of Leeds and the generation of capital receipts from those site sales following the inception of the programme by Executive Board in 2013.
- The subject sites are now due for transfer to Keepmoat pursuant to the development contract obligations existing between the Council and the housebuilder following achievement of triggering levels of development on previous phases of the BLP.
- The sale contract requires final agreement to the sale price of the land, ahead of sale completion, reflecting most current house values and development costs to ensure that market value is received and to ensure viability of housing delivery.
- The ownership at Rathmell Road are indicated 3, 4 and 5 with the Kendal Drive ownership shown 1 and 2 on the attached plan no.16994/Q.

Recommendations

The Chief Officer Asset Management and Regeneration is recommended to approve the proposal detailed in the confidential appendix to this report to enable completion of the sale of the subject sites at the value indicated.

Why is the proposal being put forward?

- 1 The Council has contracted to sell the sites pursuant to an agreement with Keepmoat and Strata (Ignite) Homes entered into in 2016 which provides for a drawdown of a total of thirteen Council owned housing development site opportunities. The transaction is structured so as to enable sites to be drawn down in a phased manner designed to ensure that new housing delivery takes place in a measured and market paced manner.
- 2 The contract governing the disposals of the site makes provision for site values to be assessed on an iterative basis, at grant of planning permission, and then immediately prior to site sale to determine the completion price. This is to ensure that the valuation is current to the sale date, reflecting best consideration, and that sites are transferred at a level of value ensuring development viability and prevailing market conditions.
- 3 This report is being brought forward to seek approval to the final and binding sale completion valuation for the subject sites to enable completion of their sale to Keepmoat take place.

What impact will this proposal have?

Wards Affected: Temple Newsam

Have ward members been consulted? Yes No

- 4 The proposal, if approved, will see the sale and transfer of the land, which is distributed over several areas, to Keepmoat who will develop the sites to provide 109 new homes including policy level affordable housing units, and other financial contributions required by the planning consent. The sale will generate a capital receipt to the Council.

What consultation and engagement has taken place?

- 5 Ward Members and the Executive Member for Communities Housing and Environment have been engaged with at various points throughout the BLP and are supportive. The development of the ownerships has received full planning consent which involved the public consultation in the normal manner.

What are the resource implications?

- 6 The sites will be transacted in line with the provisions of the development agreement with Keepmoat, at market value, and therefore represents the optimal available in the marketplace. The housebuilders entered into the sale contract for the subject sites and others in the BLP after a tendering exercise on the open market to ensure that competitive bids were secured.
- 7 The valuation reflects established development costs (including planning and abnormal development costs) and prevailing housing market conditions at the time of assessment to ensure that viability remains achievable and market value for the ownerships. All development costs have been examined by Council engineers to establish their appropriateness and level.
- 8 Development of the land is characterised by high abnormal development costs associated with brownfield land conditions, abnormally high foundation and drainage costs, the need for services removal/diversion, remediation and ground preparation works and retaining wall features required to create development platforms suitable for the approved schemes.

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 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 Deputy Head of Land & Property confirms that the valuation reported for approval as the final transfer price, in their opinion, represents the best consideration that can reasonably be obtained for its sale as required under Section 123 of the Local Government Act 1972 (or under the Housing Act 1985).
- 13 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.

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

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

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

Inclusive Growth Health and Wellbeing Climate Emergency

- 15 Completion of a sale of the subject site will support new housing, providing greater tenure choice in an area characterised by local authority housing, and will support improved health outputs with modern housing built to current standards. The capital receipt generated can be utilised to support the Council's spending programme which includes measures supporting Inclusive Growth, Health and Wellbeing and Climate Emergency Initiatives.

Options, timescales and measuring success

a) What other options were considered?

- 16 The Council could refuse to agree the valuations preventing completion of the site transfer however this would leave the matter open to determination through third party arbitration

measures. The Council is contracted to sell the site at a price to be determined in accordance with the sale contract. This process has been followed in assessing the transfer price and has included Council engineer consultation on development costs, including abnormal development costs associated with developing the land, with the Council confident that it is realising the best financial consideration reasonably available.

b) How will success be measured?

17 Success will be measured by the successful transfer of the site at the price recommended in the confidential appendix and completion of the development of the land for housing.

c) What is the timetable for implementation?

18 Completion of the site transfer will be facilitated upon receipt of approval to the site valuation detailed in the confidential appendix. Keepmoat intend to commence development shortly thereafter.

Appendices

19 Confidential Appendix 1- details valuation and explanatory note.

20 Site plan no: 16994/Q

Background papers

21 None