

CABINET MEETING – 15 APRIL 2015
EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Disposal of land at Aster Terrace, Philadelphia, Sunderland and land at Dene Street, Silksworth, Sunderland.

Author(s):

Report of the Executive Director of Commercial Development

Purpose of Report:

To seek approval for the disposal of land at Aster Terrace, Philadelphia, Sunderland and land at Dene Street, Silksworth, Sunderland.

Description of Decision:

Cabinet is recommended to:

- Agree to the disposal of land at Aster Terrace, Philadelphia, Sunderland to Tolent Construction Limited at a price which is the best reasonably obtainable and otherwise on terms to be agreed by the Executive Director of Commercial Development in consultation with the Leader and Cabinet Secretary.
- Agree to the disposal of land at Dene Street, Silksworth, Sunderland to Tolent Construction Limited at a price which is the best reasonably obtainable and otherwise on terms to be agreed by the Executive Director of Commercial Development in consultation with the Leader and Cabinet Secretary.

Is the decision consistent with the Budget/Policy Framework? Yes

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision:

To secure further investment in the city. Facilitating developments which will be of benefit to the Council through meeting demand for further extra care housing and meeting the objectives of the Council's Enabling and Independence Strategy. Providing a significant capital receipt to the Council, an increase in Business Rates and job opportunities

Alternative options to be considered and recommended to be rejected:

The alternative options are:-

- (i) Retain the land. The land would remain as it is, no extra care housing would be provided and the Council would continue to incur costs of holding the land.
- (ii) Advertise the site on the open market. The Council has received an offer for the sites without the costs and delay of marketing the opportunity. The offers comply with the Council's statutory duty to obtain the price which is the best reasonably obtainable for disposals of land which is supported by external valuation evidence. Any delay incurred from marketing the opportunities could compromise the ability to secure the government funding associated with the proposed developments which would make extra care housing unviable to be provided on these sites.

Both options have been considered and are not recommended

Impacts analysed;

Equality N/A Privacy N/A Sustainability N/A Crime and Disorder N/A

Is this a "Key Decision" as defined in the Constitution?

Yes

Scrutiny Committee

Is it included in the 28 day Notice of Decisions?

Yes

DISPOSAL OF LAND AT ASTER TERRACE, SHINEY ROW, AND LAND AT DENE STREET, SILKSWORTH, SUNDERLAND

REPORT OF THE EXECUTIVE DIRECTOR OF COMMERCIAL DEVELOPMENT

1.0 Purpose of the Report

1.1 To seek approval for the disposal of land at Aster Terrace, Philadelphia, Sunderland and land at Dene Street, Silksworth, Sunderland.

2.0 Description of Decision

2.1 Cabinet is recommended to:

- Agree to the disposal of land at Aster Terrace, Philadelphia, Sunderland to Tolent Construction Limited at a price which is the best reasonably obtainable and otherwise on terms to be agreed by the Executive Director of Commercial Development in consultation with the Leader and Cabinet Secretary.
- Agree to the disposal of land at Dene Street, Silksworth, Sunderland to Tolent Construction Limited at a price which is the best reasonably obtainable and otherwise on terms to be agreed by the Executive Director of Commercial Development in consultation with the Leader and Cabinet Secretary.

3.0 Background

3.1 The Council owned sites are both considered suitable for residential development and are shown on the attached plans.

3.2 There is a confirmed need for extra care provision in these areas and such provision will help respond to the Councils Enabling Independence Strategy.

3.3 The Council has been in discussions with Tolent Construction Limited with regard to the development of these sites.

3.7 The site at Dene Terrace is currently vacant. The site at Aster Terrace is currently let for grazing and subject to a restrictive covenant restricting the use of the land. The Council will need to deal with these issues to enable development.

4.0 Current Position

4.1 Tolent Construction Limited has made an offer to acquire the freehold interests in the sites for the provision of part extra care facilities and part residential development.

4.2 The proposed schemes provide a range of housing options for older households including bungalows and an extra care apartment scheme for those with care and support needs. These developments will provide a wider choice for older person households to best meet their individual needs.

4.3 Providing housing options for older person households enables people to downsize and release family homes back into the wider housing market reducing waiting lists and demand for the larger family home in all tenures.

4.4 It is considered appropriate for the Council to negotiate these land disposal directly with Tolent Construction Limited to ensure that the desired outcomes of specialist housing are obtained at the earliest opportunity. Tolent Construction Limited have demonstrated they have the ability to deliver the proposed scheme i.e.the proposals are acceptable in planning and property terms together with available funding and a proven track record.

4.5 Tolent Construction Limited have delivered similar schemes recently on former council land at Dock Street, Roker and Burleigh Garths off High Street East, Sunderland.

4.6 The developer will partner with a registered provider to provide the operation and management of the completed scheme.

4.7 The sale of the sites is at Market Value and an independent valuation has been obtained to confirm that a price which is the best reasonably obtainable is being achieved for the disposal of the land in accordance with the Council's duty under Section 123 of the Local Government Act 1972

- 4.8 Agreement to the proposals contained within this report will enable a conditional contract to be entered into with the developer who will then carry out due diligence, site surveys and progress the scheme to full design and planning approval.
- 4.9 The Council will negotiate the release of the restrictive covenant burdening the Aster Terrace site to enable the development to go ahead. The cost of any release will be offset against the capital receipt obtained from the sale.
- 4.10 The Homes and Communities Agency Care and Support Specialised Housing fund is been accessed by Tolent Construction Limited for these schemes. This fund makes £160m in capital funding available over a 5 year period from 2013/14 for specialist housing providers to bring forward proposals for development of specialist housing to meet the needs of older people and adults with disabilities outside of London.

5.0 Reasons for Decision

To secure further investment in the city. Facilitating developments which will be of benefit to the Council through meeting demand for further extra care housing and meeting the objectives of the Council's Enabling and Independence Strategy. Providing a significant capital receipt to the Council, an increase in Business Rates and job opportunities

6.0 Alternative Options

- (i) Retain the land. The land would remain as it is, no extra care housing would be provided and the Council would continue to incur costs of holding the land.
- (ii) Advertise the site on the open market. The Council has received an offer for the sites without the costs and delay of marketing the opportunity. The offers comply with the Council's statutory duty to obtain the price which is the best reasonably obtainable for disposals of land which is supported by external valuation evidence. Any delay incurred from marketing the opportunities could compromise the ability to secure the government funding associated with the proposed developments which would make extra care housing unviable to be provided on these sites.

Both options have been considered and are not recommended

7.0 Financial Implications

The Director of Finance has been consulted and comments are contained in this report.

The development will create additional income to the Council through Council Tax, New Homes Bonus and provide a significant financial return from the disposal of the land.

8.0 Impact Analysis

8(a) Equalities – N/A

8(b) Privacy Impact Assessment (PIA) – N/A

8(c) Sustainability

Sustainability Impact Appraisal

Sunderland Strategy Objectives cross check with decisions outcomes:

- **Prosperous City**

No impact

- **Healthy City / SafeCity**

The development will help to meet demand in this area for extra care housing leading to healthier and safer lives for residents of the area who require extra support.

- **LearningCity**

No impact

- **Attractive and Inclusive City**

The development will provide extra support for those who need it in a location close to local amenities.

8(d) Reduction of Crime and Disorder – Community Cohesion / Social Inclusion – N/A

- 9 Other Relevant Considerations / Consultations**
- 9 (a) Financial Implications / Sunderland Way of Working**
The Director of Finance has been consulted and comments are contained in this report.
- 9 (b) Risk Analysis**
None
- 9 (c) Employee Implications**
None.
- 9 (d) Legal Implications**
The Head of Law and Governance has been consulted and comments are contained in this report.
- 9 (e) Policy Implications**
None.
- 9 (f) Health and Safety Considerations**
None
- 9 (g) Property Implications**
Property Services have undertaken a valuation exercise and have obtained external valuation advice which confirms a price which is the best consideration reasonably obtainable is being obtained for the disposal of the land in accordance with Section 123 of the Local Government Act 1972 which is the statutory provision enabling local authorities to dispose of land.
- 9 (h) Implications for Other Services**
None
- 9 (i) The Public**
None.

9 (j) Compatibility with European Convention on Human Rights

N/A

9 (k) Project Management Methodology

N/A

9 (l) Children's Services

N/A

9 (m) Procurement

None

10. List of Appendices

Appendix 1 Plan of Land at Dene Street, Silksworth, Sunderland

11. Background Papers

N/A