

**CABINET MEETING – 11 MARCH 2009**

**EXECUTIVE SUMMARY SHEET – PART I**

**Title of Report:**

LAND AT THE FORMER BELFORD HOUSE, BELFORD CLOSE,  
 ASHBROOKE, SUNDERLAND

**Author(s):**

Director of Development and Regeneration

**Purpose of Report:**

To inform Cabinet of the current position in respect of a previously accepted offer for the disposal of the Council's freehold interest in the site of the former Belford House, Belford Close, Ashbrooke, Sunderland.

**Description of Decision:**

Cabinet is recommended to rescind its previous decision to dispose of the Council's freehold interest in the site of the former Belford House, Belford Close, Ashbrooke, Sunderland.

**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:**

The prospective purchaser, RDM Homes (Belford) Limited, has failed to confirm that an offer still stands for the purchase of the site.

**Alternative options to be considered and recommended to be rejected:**

1. The Council could await confirmation of an offer from RDM Homes (Belford) Limited pending an improvement in market conditions. Given the reluctance of the developer to confirm an offer still stands for the site, this option is not recommended.
2. The Council could open negotiations with the developer who offered the next highest price for the site. Given the lapse in time since the offers were received and the current market conditions, it is considered that the Council could not evidence that best consideration had been achieved and this option is similarly not recommended.

<b>Is this a “Key Decision” as defined in the Constitution?</b> Yes	<b>Relevant Review Committee:</b> Policy and Co-ordination
<b>Is it included in the Forward Plan?</b> Yes	

**LAND AT THE FORMER BELFORD HOUSE, BELFORD CLOSE,  
ASHBROOKE, SUNDERLAND**

**REPORT OF THE DIRECTOR OF DEVELOPMENT AND REGENERATION**

**1.0 Purpose of the Report**

- 1.1 To inform Cabinet of the current position in respect of a previously accepted offer for the disposal of the Council's freehold interest in the site of the former Belford House, Belford Close, Ashbrooke, Sunderland.

**2.0 Description of Decision**

- 2.1 Cabinet is recommended to rescind its previous decision to dispose of the Council's freehold interest in the site of the former Belford House, Belford Close, Ashbrooke, Sunderland.

**3.0 Background**

- 3.1 At its meeting on 6<sup>th</sup> June 2007 Cabinet accepted a recommendation to approve the disposal of the Council's freehold interest in the site of the former Belford House, Belford Close, Ashbrooke, Sunderland to RDM Homes (Belford) Limited.
- 3.2 The developer's financial offer was conditional upon receipt of planning consent, the satisfactory outcome of ground condition surveys, and the completion of a satisfactory legal agreement.
- 3.3 Following acceptance of the offer, progress was made towards satisfying the above conditions. In particular, pre-planning application discussions were held and the developer confirmed that he was in a position to submit a planning application. A ground investigation report had been prepared and a claim for abnormal costs was submitted which, in broad principle, was able to be recommended for acceptance. The legal contract had also been offered to the developer and discussions regarding the detail were advanced. However issues regarding the adoption of a private access road remained outstanding.
- 3.4 In Autumn 2008, officers met with the developer who advised that, following deterioration in the housing market, he intended to reduce his offer for the site. The indications at that time were such that the proposed level of reduction could have been recommended to Cabinet for acceptance.

- 3.5 However, since then and despite repeated requests, the developer has been unable to confirm an amended offer or that funding has been secured for the scheme.
- 3.6 The developer has therefore been informed that in the absence of any such confirmation, Cabinet would be recommended to rescind its original decision.
- 3.7 Given the lack of progress and the developer's inability to purchase the land at the agreed price it is recommended that the Council withdraws from the transaction. Should Cabinet accept the recommendation, the site will be re-advertised once market conditions improve.

#### **4.0 Reason for Decision**

- 4.1 The prospective purchaser, RDM Homes (Belford) Ltd, has failed to confirm that an offer still stands for the purchase of the site.

#### **5.0 Alternative Options**

- 5.1 The Council could await confirmation of an offer from RDM Homes (Belford) Limited pending an improvement in market conditions. Given the reluctance of the developer to confirm an offer still stands for the site, this option is not recommended.
- 5.2 The Council could open negotiations with the developer who offered the next highest price for the site. Given the lapse in time since the offers were received and the current market conditions, it is considered that the Council could not evidence that best consideration had been achieved and this option is similarly not recommended.

#### **6.0 Relevant Consultations**

- 6.1 The City Solicitor and City Treasurer have been consulted and their comments incorporated into the report.

#### **7.0 Background papers**

- 7.1 Further information is contained on file held by the Director of Development and Regeneration.