

20 October 2015

Executive Leader (incorporating Finance and Performance) Decision Session

Report of the Assistant Director of Finance, Property and Procurement

Land at Piccadilly and Bouthwaite Drive

Summary

1. The Executive Leader is requested to agree the purchase of an area of land immediately adjoining the former Reynard's Garage site at 17-21 Piccadilly and the disposal of an area of land at Bouthwaite Drive, Holgate.
2. The land in Piccadilly comprises approximately 113 sq m formerly used for parking and is owned by Yorkshire Housing Ltd who have been marketing the sale of the freehold. They were asking for offers above £30,000 and received several bids. The Council has a special interest in the land in view of its adjacent Reynard's Garage site and rather than allow another commercial interest to acquire it, strategically it is important for the council to acquire it to incorporate into the larger development site.

Yorkshire Housing are planning to develop affordable housing on a site in Holgate and require to purchase approximately 23.5 sq m of council Housing Revenue Account land which is part of the grass verge at Bouthwaite Drive to create an improved vehicle access into the site.

A deal has been provisionally agreed, Yorkshire Housing have agreed to sell it to the council for £38,000. The council in return would sell the land at Bouthwaite Drive for the same amount.

Recommendations

- 3 The Executive Leader is asked to consider purchasing the land at Piccadilly for £38,000 and disposing of the land at Bouthwaite Drive for £38,000.

Reason: To consolidate its interest strategically at 17-21 Piccadilly as a development site to facilitate improvement of the area as part of the Southern Gateway Project. Also in the Holgate area to promote the provision by a Housing Association of affordable homes in the city in support of the council's housing policy.

Background

- 4 Yorkshire Housing owns the land which immediately adjoins the north eastern end of 17-21 Piccadilly and is also adjacent to the Red Lion PH in Merchantgate. They have been marketing the site through an agent and have received several offers in excess of £30,000.
- 5 Yorkshire Housing approached the council to seek the acquisition of land in Bouthwaite Drive, Holgate to provide an improved access into the 4 acre Severus Hill site which it is in the process of purchasing from Yorkshire Water.
- 6 The land at Bouthwaite Drive is key to their proposals to develop 50 dwellings on the site which are all to be affordable housing. The scheme is subject to planning consent, however to proceed with this they need to secure the access land from the Council.
- 7 The Council's Housing Development team are supportive of the Housing Association's proposal to provide 100% affordable housing on site particularly when under planning policy they would be obliged to provide only 20% affordable housing or 10 homes.
- 8 The land at Bouthwaite Drive is grass verge and therefore of minimal value however as an access into the site its value increases significantly. The provisionally agreed purchase price of £38,000 equates to £1,617per sq m. A higher figure could be sought however this would result in the housing scheme being put in jeopardy and either not proceeding at all, or with the 100% affordable housing element being reduced down to meet the basic planning policy requirement of 20%

- 9 The Piccadilly land comprises approximately 113 sq m. The price agreed of £38,000 has been subject to market testing with other similar bids being received by Yorkshire Housing. It equates to some £336 per sq m.
- 10 In view of the Council's interest in acquiring the Piccadilly land from Yorkshire Housing and their interest in acquiring the Bouthwaite Drive land, provisional agreement has been reached on the sale and purchase deal.

Consultation

- 11 The proposal to dispose of the HRA land has been discussed with the Council's Housing Development team who are supportive of the sale at the price provisionally agreed. Although a higher figure may be achievable they consider that the 100% element of affordable homes with associated nomination rights to the council is of greater benefit than increasing the capital receipt to the Housing Revenue Account. The increased receipt would not be able to deliver a similar amount of new affordable homes. They remain committed to working with Housing Associations to help facilitate such schemes on private housing sites.

Options and Analysis

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Option 1- Purchase of land adjoining 17-21 Piccadilly

Advantages

- It enhances and completes the development site to the full extent of the frontage block between Merchantgate and Dennis Street.
- Prevents the acquisition by another commercial interest who may act in a way which is not in the best interests of the council
- It will be easier to develop an attractive facade to 17-21 Piccadilly which can be seen from the top of Piccadilly and will draw footfall along Piccadilly thus contributing to the uplift of the overall area.
- It will increase the value of 17-21 Piccadilly

Disadvantages

- City of York Council will incur a capital outlay, although the effect will be neutral if the sale of land at Bouthwaite Drive is approved.

Option 2 – Decline to purchase the land adjoining 17-21 Piccadilly

Advantages

- City of York Council would avoid the capital outlay.

Disadvantages

- The land would be sold to a potentially competing commercial interest.

Option 3 – Sell the land at Bouthwaite Drive at the agreed price

Advantages

- City of York Council Housing Revenue Account would benefit from a capital receipt for a small area of low value grass verge.
- City of York Council would be helping facilitate a scheme to provide 100% affordable Housing by a Housing Association on a private site.

Disadvantages

- A higher capital receipt may be obtainable by negotiation for a “ransom” value.

Option 4 – Pursue a higher capital receipt for the land at Bouthwaite Drive.

Advantages

- Negotiations may result in a higher receipt to the Housing Revenue Account

Disadvantages

- The demand for a higher receipt may jeopardise the viability of the scheme and mean that either it does not proceed at all, or the amount of affordable housing is reduced from 100% to 20%.

Council Plan

- 13 Under the draft Council Plan this proposal will assist in supporting;
- A prosperous city for all
 - Promoting affordable housing for residents in the Holgate area.
 - Consolidating land for redevelopment in the Castle Piccadilly area in line with the area improvement envisaged by the Southern Gateway Project.

Implications

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- **Financial** – The proposed land deal will have a net neutral financial impact on the authority. However it will require use of £38K General Fund capital from the capital contingency which will be recouped from the eventual capital receipt from the sale of the Piccadilly development site. The HRA will benefit from the £38K capital receipt to support the delivery of the HRA business plan.
- **Human Resources (HR)** - none
- **Equalities** - none
- **Legal** –
- Under S.123 of the Local Government Act 1972:
- (i) “The sale of HRA land is regulated by Section 32 of the Housing Act 1985 which requires that consent of the Secretary of State is obtained. Under the General Consent for Disposal of Land held for Housing Purposes Order the Secretary of State has given consent to the disposal of vacant

land (for any or nil consideration) and to the disposal of land with houses on it for market value.”

- (ii) before disposing (including granting a lease) of ‘open space’ the Council must advertise the proposed disposal in two consecutive editions of a local newspaper and give due consideration to any objections or other comments received in response to the advertisement. S.20 of the Open Spaces Act 1906 defines open space as any land (whether or not fenced/enclosed) on which there are no buildings or of which not more than 5% is covered with buildings and the whole or remainder of which is used for recreational purposes or which lies waste and unoccupied. Based upon information which Property Services have supplied about the land at Bouthwaite Drive, including photographs of the land, it is not considered that the land is open space. Accordingly the Council does not propose to advertise the proposed disposal in a local newspaper.
- The Council may wish to consider reserving nomination rights for itself over the completed affordable housing development to be constructed on Yorkshire Housing’s adjoining land at Bouthwaite Drive under a formal nomination rights agreement. The Council should also consider imposing a restrictive covenant over the land being sold to Yorkshire Housing prohibiting it from being used for any purpose other as an accessway serving a 100% affordable housing development constructed on Yorkshire Housing’s adjoining land.
- **Crime and Disorder** – none
- **Information Technology (IT)** - none
- **Property** – contained in the report
- **Public Health** – None
- **Other**

Risk Management

- 15 There are no particular risks associated with the recommendation.

Contact Details

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report:**

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Report Approved ✓

Date: 12 October 2015

Wards Affected: Guildhall and Holgate

For further information please contact the author of the report

Annexes

Plans