

Executive

19 October 2017

Report of the Director of Economy and Place

Portfolio of the Executive Leader (incorporating Finance and Performance)

DISPOSAL OF WILLOW HOUSE

Summary

1. This report seeks an Executive decision to dispose of the former Older Persons Home (OPH) at Willow House to the highest bidder.

Recommendations

2. The Executive is asked to :-
 - i. Approve the sale of Willow House to Empiric PLC as the highest bidder for Willow House.

Reason: To achieve the best consideration for the Willow House site, and facilitate investment in the Older Persons Accommodation Programme.

Background

3. Willow House is a former 34 bed Older Persons Home, which closed on 31st January 2017. On 29th November 2016 the Executive resolved to sell the Willow House site forthwith to generate a capital receipt to support the wider Older Persons Accommodation Programme.
4. The property lies just inside the city walls on the south-east side of the City, in a mostly residential area. Walmgate Bar is nearby. The site of Willow House is shown edged red on the plan attached at Annex 1.
5. A marketing campaign in June and July attracted 11 bids from 7 developers. 7 of these bids were unconditional but for significantly lower

values. Unconditional bids have not been taken forward as they were significantly lower value.

6. The council initially received a number of high bids for four storey schemes. Given the site is in close proximity to the city walls and based on early engagement with the Planning team there is a high risk that these schemes would not be granted planning permission which would then require a re-evaluation of the other bids and ultimately lead to a significant delay in the capital receipt. All bids based upon a 4 storey scheme have therefore been discounted and bidders were asked to submit applications for no more than 3 storeys.
7. The conditional bids are set out in Annex 2 with a list of the bidders in confidential Annex 3.
8. The value of these offers ranges from £1,950,000 to £2,825,000. The three highest bids are for new build student housing. The highest bid of £2,825,000 is from Empiric Student Property plc who are proposing to build a new 126 bedroom student housing scheme. All bids is subject to obtaining planning permission for their development proposal.
9. Given the need for the council to achieve a significant capital receipt from the sale of Willow House to fund investment in the Older Persons Accommodation Programme, the highest and least caveated bid is most likely to achieve this objective.
10. The provision of bespoke accommodation for student accommodation responds to the future projected growth in student numbers in the city (between 4000-6000 over the next 10 years). Increasing bespoke provision will reduce the impact of this growth upon family housing in the city.

Consultation

11. This report has been written in consultation with the Council's Older People's Accommodation programme team.

Council Plan

12. This proposal contributes towards the Council's priority of
 - a prosperous city for all.

- a focus on frontline services - to ensure all residents, particularly the least advantaged, can access reliable services and community facilities

Implications

13.

- **Financial** The Older Persons Accommodation Programme anticipates capital receipts from the sale of redundant care homes, including the Willow House site. The disposal of the site to the highest bidder will ensure that the £4m of receipts required to fund current plans in the Programme will be achieved.
- **Human Resources (HR)** – There are no human resources implications.
- **Equalities** – The provision of additional student accommodation would provide an essential facility for young people.
- **Legal** - Section 123 of the Local Government Act 1972 authorises the Council to dispose of non-housing land without the consent of the Secretary of State (for Communities and Local Government) provided that the best consideration reasonably obtainable is being obtained. The Council can still sell non-housing land without the Secretary of State's consent for less than best consideration/full open market value provided that:
 - (i) the difference between the price obtained and full market value does not exceed £2 million and
 - (ii) the Council (acting reasonably and properly considers) that the disposal will facilitate the improvement of economic, environmental or social well-being of the area.
- All bids are subject to the respective bidders obtaining planning permission (on terms acceptable to them) for their respective proposed schemes. If that condition is not satisfied by a specified date (which date would need to be negotiated with the chosen bidder) then the sale contract would automatically terminate. (However the chosen bidder would have the right to waive that condition and proceed to complete the purchase of the property without having obtained planning permission).

- Whichever bid is chosen, the sale contract between the Council and the chosen bidder would not impose a legal obligation on the purchaser to develop any particular scheme/facility on the site by any particular date – it would be the buyer’s own choice whether they redevelop the Willow House site. If Executive want to ensure that a particular scheme is developed on the site, then the Council would instead need to select and appoint a developer/operator after following a procurement process that complies with the Public Contract Regulations and impose a covenant that the site could only be used for that purpose. If any bidder was going to be under a legal obligation to the Council to construct and operate a particular facility on the site then their current offer would be likely to reduce significantly.
- **Crime and Disorder** – There are no crime and disorder implications.
- **Information Technology (IT)** – There are no information technology implications.
- **Property** – contained within this report.

Risk Management

14. Failure to secure a significant capital receipt may impact upon the business case for Older People’s Accommodation project. The recommended bid will enable the achievement of the £4m of receipts required to fund current plans in the Programme so this risk is low.
15. There is a risk of any scheme not getting planning consent.

Contact Details

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Report **Date** 9/10/17
Approved

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Wards Affected: Guildhall

All

For further information please contact the author of the report

Background Papers: None

Annexes

- Annex 1 – Site Plan
- Annex 2 – Summary of Bids
- Annex 3 – One Planet York Decision Making Tool

Confidential Annex

- Annex 4 – List Identifying the Bidders