



**Author/Lead Officer of Report: Tammy Whitaker Head of Property Services**

**Tel: 07342 071141**

**Report of:** **Mick Crofts Executive Director, Place**

**Report to:** Councillor Cate McDonald, Executive Member for Finance and Resources

**Date of Decision:** 5<sup>th</sup> November 2021

**Subject:** Sale of Land at Junction Road

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
- Expenditure and/or savings over £500,000		<input type="checkbox"/>
- Affects 2 or more Wards		<input type="checkbox"/>
Which Executive Member Portfolio does this relate to? <i>Cabinet Member for Finance and Resources</i>		
Which Scrutiny and Policy Development Committee does this relate to? Overview and Scrutiny Management Committee		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given? <i>(Insert reference number)</i>		
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		
<i>"The Appendix is not for publication because it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended)."</i>		

**Purpose of Report:**

The report seeks authority to sell an area of unused land at Junction Road along with other privately owned land to MCI Developments Limited (75% owned by Keepmoat Homes Limited), enabling the development of 41 affordable houses across both sites.

**Recommendations:**

That approval be given for the sale of Land at Junction Road.

That the Chief Property Officer in consultation with the Director of Legal and Governance prepare all necessary legal documentation in order to sell the land.

**Background Papers:**

Individual Cabinet Member Decision September 2017 Sale of Land at Junction Road

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: <i>Paul Schofield</i>
		Legal: <i>David Sellars</i>
		Equalities: <i>Annemarie Johnston</i>
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	<b>EMT member who approved submission:</b>	Mick Crofts
3	<b>Executive Member consulted:</b>	Mick Crofts
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	<b>Lead Officer Name:</b>  Tammy Whitaker	<b>Job Title:</b>  Head of Regeneration and Property Services
	<b>Date: 26<sup>th</sup> September</b>	

## **1. PROPOSAL**

- 1.1 The Council has been approached by MCI Developments who wish to purchase two areas of land, one being Council owned at the Junction of Furnace Lane and Junction Road. MCI Developments have an agreement with the private landowner to purchase the area of privately owned land adjacent to the Council owned land. A joint sale of the Council's site along with the private site would generate the scale of development needed to attract a viable development. Being a preferred buyer to the private landowner puts MCI Developments in the position of being a special purchaser for the Council land as they are an adjacent landowner and best placed to develop out the combined sites.
- 1.2 The Council had previously agreed to sell the land to Westleigh Homes on similar terms, but the deal fell through. At that time Westleigh's scheme was to partly upgrade Junction Road and the overall scheme relied on funding from Sheffield City Region. Unfortunately this funding was not secured and the scheme did not progress. The scheme also required land on which containers were sited and used for the local football clubs changing rooms. Relocating the containers has proved problematic and so this land has now been excluded from the current deal.

## **2. HOW DOES THIS DECISION CONTRIBUTE?**

- 2.1 At present both areas of land are overgrown and completely unused. The land is available, developable and, being very close to a bus terminus and train station is highly sustainable. The site has been considered as an additional site for housing on the emerging Development Plan and as such the majority of the site is capable of being used for housing purposes.
- 2.2 MCI developments wish to have the joint site developed out for a scheme of 41 affordable houses in a traditional low rise housing scheme, leaving open areas for wildlife and ecology. The scheme will ensure that both sites are brought forward to deliver much needed housing for the city, are maintained and kept in a clean and tidy condition.

## **3. HAS THERE BEEN ANY CONSULTATION?**

- 3.1 There has been no formal consultation although any planning proposals by MCI will be subject to public consultation as part of the planning process. A notice is to be published in the local press advising of the Council's intention to dispose of Open Space.

## 4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

### 4.1 Equality of Opportunity Implications

None

### 4.2 Financial and Commercial Implications

4.2.1 The offer for the combined sites is £935,227 with a returnable 5% deposit. The offer is subject to planning and satisfactory site investigation with the owner covering their own legal expenses (and the offer price is to be shared 50/50 with the private owner). With the Council site amounting to 0.91 acres and the private site amounting to 1.3 acres (41% and 59% respectively) this £467,613 offer represents a headline land value for SCC land at £513,000/acre. SCC will deduct its usual 3% buyers' premium from the offer price to arrive at a net figure of £453,993 for the land and a £13,620 buyers' premium. This sale will remove a liability to the Council and enable 41 houses to be developed. The purchaser is best placed to offer the highest value for the Council's assets and the prices stated above are considered to be best price for the purposes of the Local Government Act 1972.

4.2.2 The site has not been marketed to date by SCC. The agent acting for the adjacent landowner has however informally marketed the lands previously and this has resulted in the current interest from MCI.

### 4.3 Legal Implications

4.3.1 The proposal is for the Council and the private landowner to jointly sell their interests to MCI Developments the sale being conditional on satisfactory Planning Permission for their scheme of development. Costs and values generated by the sale are to be shared on a 50/50 basis.

4.3.2 The land was acquired in the 1960's for slum clearance under part III of the Housing Act. The land has been declared surplus to the Council's requirements.

4.3.3 The Council's Disposals Framework 2013 provides guidance as to how SCC may deal with the sale of its land. In most cases the Council requires that all interested parties should be allowed an equal opportunity to put forward a bid to lease or purchase surplus property. However the policy sets out a number of circumstances when it may be beneficial for the Council to negotiate with a special purchaser without resort to marketing. This includes an adjoining landowner.

4.3.4 Under the Sheffield City Council Leaders Scheme of Delegations February 2021, approval of disposals of property which are not subject to a competitive process where the maximum consideration to be received by the council exceeds £300,000 (up to a

maximum consideration of £750,000) is delegated for decisions to the Individual Cabinet Member for Finance and Resources.

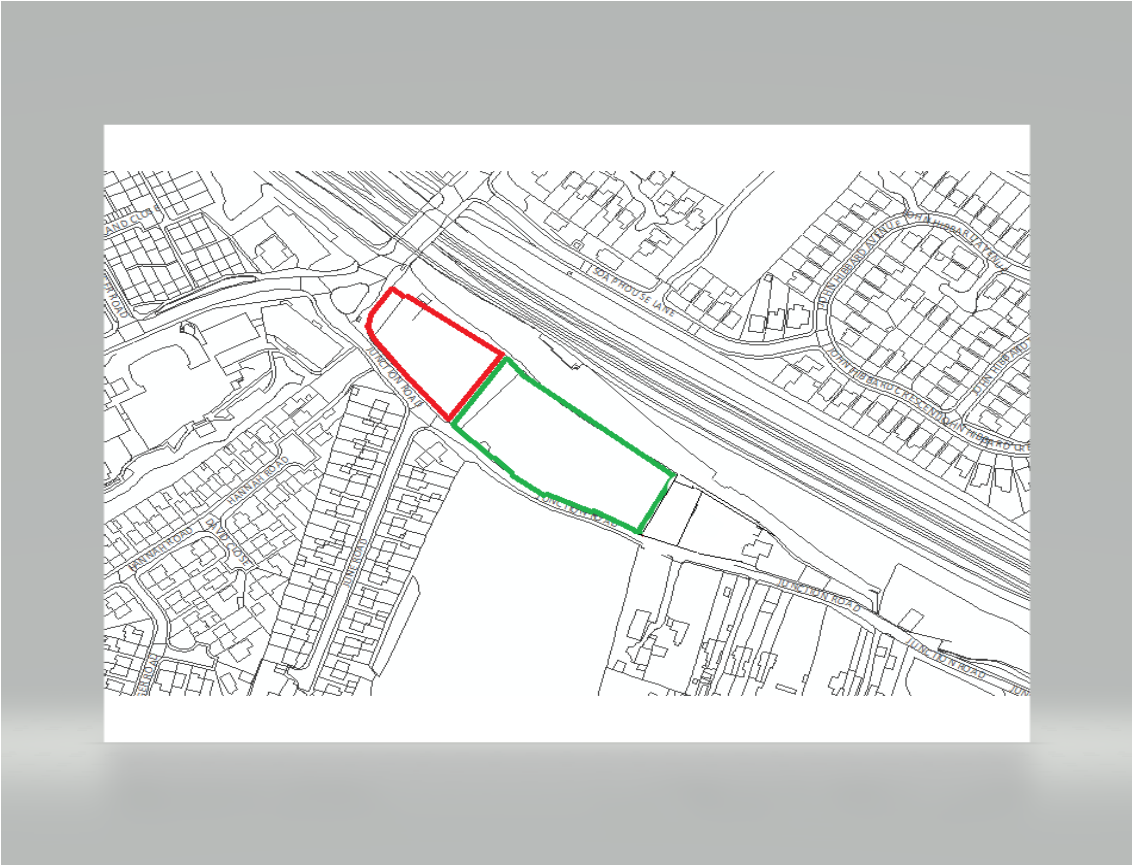
## **5. ALTERNATIVE OPTIONS CONSIDERED**

5.1 Do nothing the land would remain in SCC ownership and maintenance liability would remain with SCC. The land and the adjacent site in private ownership would remain undeveloped as wither site is unlikely to be viable in isolation. The site has been vacant for many years and there has been little interest site since the housing market recession in 2008. Planning Policy has considered the merits of the allocation of the site for open space purposes as well as its allocation for housing. The severe shortage of housing land in the city has seen the majority of the site now allocated specifically for housing purposes. In the absence of housing uses it is difficult to see how this land could be brought to beneficial use and this change in planning approach coincides with renewed interest in the land.

5.2 An alternative option would be to market the sites jointly or independently. The private owner has soft market tested their site. Marketing the SCC site in isolation from the privately owned land is unlikely to generate significant interest and would result in a piecemeal and less coordinated form of development.

## **6. REASONS FOR RECOMMENDATIONS**

6.1 As stated above, the Head of Property Services is minded to approve the disposal of this land under her delegated powers subject to ICM approval to the private treaty sale.



Red Edge = Council Land

Green Edge = Privately Owned Land