



Report to Policy Committee

Author/Lead Officer of Report:

Tammy Whitaker Head of Regeneration and Property Services

Tel: 07342 071141

Report of: *Executive Director City Futures*

Report to: *Finance Committee*

Date of Decision: *11 September 2023*

Subject: *Sale of Land at Cotton Mill Row, Kelham Island Sheffield S3*

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? EIA ID: 2324.				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input checked="" type="checkbox"/>	No	<input 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:- Exemption applies to Appendix 2 & 3				

Purpose of Report:

Regeneration and Property Services propose the disposal of freehold land at Cotton Mill Row, Kelham Island, Sheffield S3 on a private treaty basis on the terms set out in the attached Appendix for the development of a high-density residential led mixed use scheme.

As the land has not been subject to a competitive marketing process and consideration to be received by the Council exceeds £300,000, this report seeks the approval of the Council's Finance Committee to dispose of the Land.

Recommendations:

That Finance Committee approve the freehold sale of the Land on the terms set out in the Appendix 3

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>Damian Watkinson</i>
		Legal: <i>David Sellars</i>
		Equalities & Consultation: <i>Ed Sexton</i>
		Climate: <i>n/a</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	SLB member who approved submission:	<i>Executive Director City Futures</i>
3	Committee Chair consulted:	<i>Cllr Zahira Naz</i>
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 Committee by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>John Hurman</i>	Job Title: <i>Senior Surveyor</i>
	Date: <i>07 August 2023</i>	

1. PROPOSAL

- 1.1 This report relates to the proposed disposal of vacant land at Cotton Mill Row, shown edged red on the attached plan, ("the Land") to the adjoining landowner, whose interest is outlined blue on the attached plan, to facilitate the development of both sites for a high density residential led mixed use scheme.
- 1.2 The Land, which formed part of a larger land and property interest, was acquired by the Council in 2006. During the intervening years Kelham Island, once a catalyst/first phase in this emerging residential area, has now matured, and its effect is naturally spreading towards the local area fringes and beyond to West Bar and Neepsend.
- 1.3 The Land occupies a unique corner position providing potential for a landmark development on the Inner Relief Road to compliment the West Bar development opposite and industrial heritage of the Kelham Island Conservation Area. However, the Land is limited in size (approximately 0.17 acres), and full development potential cannot be achieved if sold in isolation.
- 1.4 The property to the North, is held in private ownership. It was purchased by the current owner in November 2021, and is the subject of planning application 22/01936/FUL. The wording of paragraphs 1.5 to 1.9 has been provided by colleagues in the planning authority and sets out their view on the current planning position.
- 1.5 The two sites collectively form the proposed housing allocation site ref. KN09 in the draft Sheffield Plan. The housing allocation presents the opportunity to bring

forward a cohesive scheme that both addresses the Inner Relief Road and relates positively to the existing Cotton Mill development to the west, providing a positive edge to the Kelham Island Industrial Conservation Area.

- 1.6 The current planning proposal, for the northern site only, features six storeys of habitable windows facing onto the Council-owned land. This would effectively sterilise the development potential of the Land, reducing the opportunities to make effective use of a vacant site. If a building with south-facing windows were erected on the northern plot, the development opportunities for the southern site would be severely limited as most proposals would likely cause overlooking and/or overshadowing to the windows on the northern plot. It is likely that any subsequent proposal on the southern plot would need to be confined to the southern tip of that plot only, to maintain acceptable separation distances, with the land in between being effectively wasted.
- 1.7 If the building on the northern plot were redesigned to omit the south-facing windows as a future-proofing measure, several housing units would need to be lost from the current scheme, which could impact upon viability and deliverability, and thereby lead to the project stalling. This is in the context of several other design amendments being requested by planning officers in the interests of protecting the character of the Conservation Area, which might also lead to a reduction in overall development quantum and further threaten deliverability.
- 1.8 Bring the two plots together into the same ownership and developing as a single proposal, enables the development to be redesigned in a way that maximises the potential of the wider site in terms of housing numbers, whilst avoiding any overlooking or overshadowing between buildings, as well as adopting a cohesive architectural approach to massing, layout, detailing and landscaping. The likely outcome is a far higher quality of development befitting of its important location at the edge of the Conservation Area, whilst also being more financially viable.
- 1.9 Taking the planning position into consideration Regeneration and Property Services therefore consider that the Land has greater value if sold to the adjoining landowner, as the same advantages arising from its ownership would not be available to general purchasers in the market due to the Lands limited size.
- 1.10 To make the most effective use of the Land and embed a development into the area and support the wider regeneration of the edge of the Kelham Island Conservation Area, it is proposed that the Land is disposed of to the adjoining landowner on a private treaty basis.
- 1.11 Regeneration and Property Services has been in negotiation with the landowner regarding the combining of the two sites for the development of mixed use residential led scheme.
- 1.12 Following feedback from the Council's Planning Department the developer proposes to revise planning application 22/01936/FUL or submit a fresh application across the two combined sites comprising of two buildings (A & B); containing 3x commercial units totalling 590 square meters; and 143 apartments

in total, arranged into 4x studio, 71x 1 bed, 56x two bed and 12x 3 bed. It is considered that by splitting the development into two buildings it will provide a physical break in the building frontage and assist in providing relief to the overall massing of the scheme.

- 1.13 It is proposed that Building B, to be located on the Council's land, shall contain 36 dwellings comprising of 12x 1 bed, 18x 2 bed and 6x 3 bed apartments over the upper 6 floors. The ground floor shall mainly comprise of commercial space, with the remaining area used for ancillary uses and access.
- 1.14 Indicative floor plans of the proposed development not in the public domain are provided at Appendix 2.
- 1.15 Conforming with Planning Policy CS41 (no more than half of the homes in a scheme of more than 60 units should consist of a single house type) the development will provide a mix of studio, 1, 2 and 3 bed apartments of varying sizes, all of which meet national space standards.
- 1.16 This proposed scheme aligns with the City Councils vision to facilitate the regeneration of the Kelham Island neighbourhood by delivering predominantly non-student led accommodation. By offering fewer studio apartments and more 1 bed and 2 bed units the scheme will naturally attract first and second time buyers, which shall include postgraduates, young professionals and possibly even suburban downsizers, a theme that echo's the Councils vision for the area.
- 1.17 Dependant on the site purchase and planning process construction is expected to start within 12 months of exchanging contracts. From implementation of the planning permission construction is likely to take up to 18 months. A retention sum will be paid to the Council, in addition to the purchase price, if the planning consent is not implemented with 12 months.
- 1.18 Council planning policy identifies the Land as being located within the "City Centre" Affordable Housing Market Area, and consequently no contribution is required for affordable housing in this area, the developer will however be required to pay a Community Infrastructure Levy.

2 HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 The development of high-density residential accommodation continues to remain a dominant driver for private investment within the city. Although student developments have predominantly attracted the most interest over the last 5-10 years, investor and developer demand is now beginning to turn towards the post-graduate and young professional markets as well as suburban downsizers. This activity is continuing to drive the redevelopment of underutilised or brownfield sites within the city and help businesses relocate to more sustainable locations.
- 2.2 The proposed development will help drive more footfall in the city centre having a positive impact on businesses and retail trade and will also ensure a supply of housing for a skilled workforce and the businesses looking to attract them.

2.3 The proposed development also contributes to the wider Council vision of ensuring that the comprehensive regeneration of the Kelham Island neighbourhood continues.

2.4 The development will deliver considerable environmental improvements, removing older inefficient commercial buildings and delivering newer more energy efficient buildings.

3. HAS THERE BEEN ANY CONSULTATION?

3.1 The Council is not required to consult on proposals for the disposal of land. The statutory planning process will involve consultation on the details of the development.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

4.1.1 An Equality Impact Assessment (ref: 2324) has been carried out in respect of the proposals set out in this report and it is considered that the redevelopment of the Land and adjoining site will be of positive benefit for all local people with the repurposing of a cleared site and redundant commercial buildings and the creation of new housing and commercial space.

4.2 Financial Implications

4.2.1 The financial and commercial implications include:

- Encourage further regeneration of the city centre through the redevelopment of underutilised commercial sites for housing.
- Provide a capital receipt to the Council.
- Produce increased Council Tax revenue
- Produce CIL.

4.3 Legal Implications

4.3.1 Pursuant to Section 123 of the Local Government Act 1972 the Council is under an obligation to obtain the best price reasonably obtainable upon a disposal of its land.

4.3.2 Offering the land for sale in the open market would generally provide the most robust indication that best value has been obtained. However, this is not the case in these circumstances. The proposed purchaser is considered to be a 'special purchaser', being a buyer who has a special reason for paying more than the market value, for instance if the land is adjoining their existing property or provides the only viable option to a buyer in relation to the project or scheme they are pursuing which requires them to acquire the land.

4.4 Other Implications

4.4.1 None beyond those identified in this report.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 The Council could do nothing; this may result in the Land remaining vacant for several more years and would not contribute to the Council's aspirations to see the Kelham Island area regenerated. This could also have a negative impact on the future use of the Land.
- 5.2 The Council could offer the Land for sale in the open market; this may result in a disposal and subsequent development, but in isolation, due to its small size, the Land would be limited in terms of future development potential, and it is considered that a sale would generate a lower capital receipt for the Council as a result.

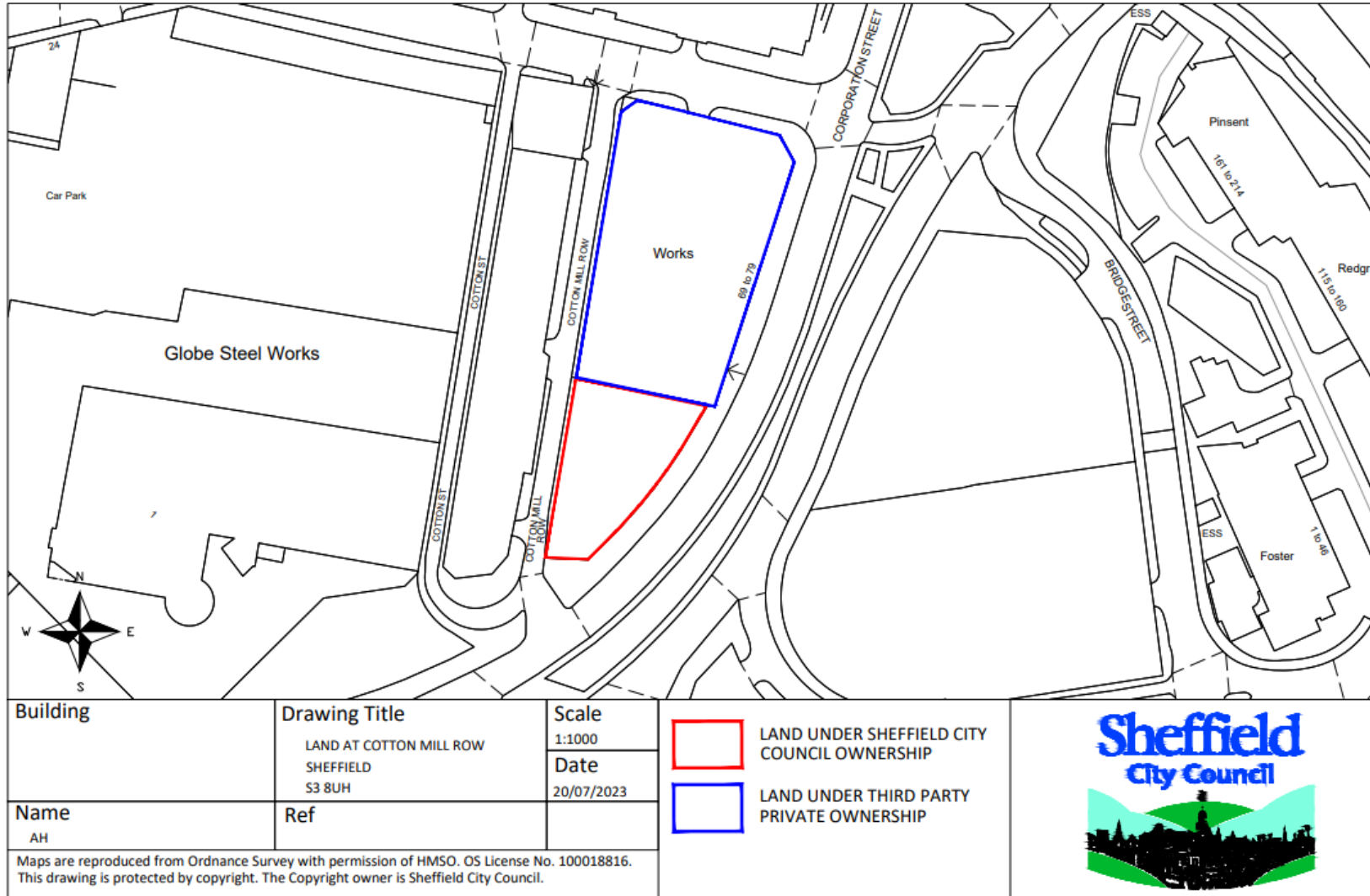
6. REASONS FOR RECOMMENDATIONS

- 6.1 The intended outcome of the proposal is to deliver new residential accommodation within the city centre and repurpose vacant and redundant commercial sites where older buildings are inefficient and would benefit from redevelopment.
- 6.2 The development proposals will help attract additional footfall which will be of benefit to the city centre. The disposal will also deliver a significant capital receipt, increased Council Tax revenue and CIL contribution for the Council.
- 6.3 The proposals will deliver the economic and financial benefits as outlined within this report.

APPENDICES

1. Location Plan
2. Indicative floor plans (confidential not for publication)
3. Proposed Terms of Sale (confidential not for publication)

1. Location Plan



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