

## DISPOSAL OF LAND

Finance & Investment Advisory Committee - 25 March 2021

**Report of:** Strategic Head of Property and Commercial

**Status:** For Decision

**Also considered by:** Cabinet - 18 April 2021

**Key Decision:** Yes

**Portfolio Holder:** Cllr. Matthew Dickins

**Contact Officer:** Detlev Munster, Ext. 7099

**Recommendation to Finance and Investment Advisory Committee:**

That the report be noted any comments on the recommendation below be forwarded to Cabinet.

**Recommendation to Cabinet:**

- a) To declare the properties listed in recommendation b) below as surplus to the Council's requirements.
- b) To approve the disposal of:
  - a. land at Russett Way, Swanley by auction;
  - b. land east of 40 Alder Way, Swanley by private treaty;
  - c. Land at Oakhill Road, Sevenoaks by private treaty;
  - d. Land to rear of Sealcroft Cottages, Seal, by private treaty;
- c) To delegate authority to the Strategic Head of Property & Commercial in consultation with the Head of Democratic and Legal Services to undertake and to enter into the necessary agreements for the land transactions noted in the above recommendation.

**Reason for recommendation:**

To provide capital receipts to help deliver the Council's approved Capital Programme and to ensure best consideration for the disposal is obtained in all instances.

### Introduction and Background

- 1 Sevenoaks District Council regularly reviews its property portfolio to ensure its land holdings meet its operational and strategic requirements.

- 2 The current asset review process has identified several parcels of land (highlighted below) that are no longer required by the Council.
- 3 To enable the disposal of the identified sites, the Council is required to declare these sites as surplus (IFRS 13 purposes). Additionally, the Council is required under Section 123(2A) of the Local Government Act 1972 to advertise its intention to dispose of public open space in accordance with the legislation. This provision applies to the sites at Russett Way, Alder Way and Oakhill Road.
- 4 Valuation advice was sought, and the confidential Appendix A provides an outline of achievable values. Advice was also sought on the preferred disposal methods.

## **Disposal Sites**

### Russett Way, Swanley

- 5 This site of 1,277 sq.m is currently amenity land, an open space between the rear of properties to Conifer Way and Aspen Close and fronting on to Russett Way. It is located in the built-up area of Swanley town, not within the Green Belt.
- 6 In 2015 the site was identified as a potential development opportunity and in 2016 was assessed under SDC's call for sites programme, both in terms of the SHLAA (Strategic Housing Land Availability Assessment) and ELAA (Economic Land Availability Assessment) methodologies.
- 7 The conclusion was that the site was surplus to requirements and could be put forward for development. The site was included within the draft Local Plan as an allocation with a site capacity of seven units.
- 8 It was then tendered for valuation and development advice as part of the Small Sites Programme, following which options appraisals and feasibility studies were carried out. It was concluded that no more than 3 dwellings are likely to be accommodated on the site due to the desire to retain some of the amenity greenspace for the existing children's playground.
- 9 A planning application was submitted by the Council for the erection of 3no. 3-bedroom dwelling houses with improved children's playground facilities and approved under application Number: 19/01980/FUL on 18 October 2019.
- 10 It was originally envisaged that the Council would build out the dwellings but appraisals have indicated that it will cost SDC more to build these, depressing both land value and profit, than builders/developers bidding for the land

either by private treaty or at auction. The lot size would predominantly appeal to local builders.

- 11 The Council's intention to dispose and appropriate the site were advertised on 4 and 11 February in accordance with Local Government Act 1972. Comments from the consultation exercise were due to be reviewed, but none were received.
- 12 Officers therefore believe that the strategic objectives of the Council are best met by disposing of this site.

#### Land east Of 40 Alder Way

- 13 This site of 6,890 sq.m is currently amenity land. The north part of the site is trapezoidal with the south edge running along Alder Way. To the east and west are the existing properties of Alder Way and the north edge of this part of the site adjoins Swanley Park. The site is currently laid to grass and there is a substantial hedge on the eastern boundary that separates the site from the residential properties beyond. The site is located within the built-up area of Swanley town; not within the Green Belt.
- 14 In 2015 the site was identified as a potential development opportunity and in 2016 was also assessed under SDC's call for sites programme, considered as surplus to requirements and tendered for valuation and development advice. It was agreed that the site would offer 40% affordable housing, including one wheelchair accessible property.
- 15 A planning application was submitted by the council for the erection of 18no. 2 and 3 bedroom dwellings with new communal open space and a refurbished existing open space area including children's playground and was approved under application 20/00037/FUL on 21 August 2020.
- 16 It was evaluated as to whether SDC should build out the dwellings or sell the site. Three national agents and auctioneers were invited to provide recommendations on value and marketing. Their conclusions were that it would be best to market the site by private treaty as developers/builders would want to take their time assessing the community space and CIL elements of a bid and some might wish to amend the consent.
- 17 Given the open space associated with this site, the Council's intention to appropriate for planning purposes and dispose of the site was advertised on the 4<sup>th</sup> and 11 February in accordance with the Local Government Act 1972. There were no consultation responses.

- 18 Given the improvement to the public play area as noted in the planning consent, it is considered that disposal of this site remains in the Council's best interest.

#### Oakhill Road, Sevenoaks

- 19 This 2.01 acre site is located at the rear of 7 Oakhill Road in a residential area of Sevenoaks. Oakhill Road is located immediately south of Sevenoaks station. The area is primarily a residential location, characterised by large detached houses. The Property is east of Oakhill Road, beyond an office building. The site is heavily vegetated with overgrown shrubs and self-seeded woodland and slopes steeply towards the railway line. The Property does not benefit from a planning consent and is held freehold under title number K470174.
- 20 As the site is disused and does not fulfil any operational requirement for the Council, it is considered surplus land. However, various options were considered for this site and an external registered valuer was commissioned to advise further and prepare a Red Book Valuation. The Council's intention to appropriate with a view to disposing of the site was advertised on 4<sup>th</sup> and 11 February and no consultation responses were received.
- 21 It was considered prudent for the Council to dispose of this site and realise a much needed capital receipt.

#### Land to the rear of Sealcroft Cottages, Seal

- 22 The site consists of a c.0.4 acre site in Seal to the rear of the Sealcroft Cottages. The Council holds the freehold under Title K907890.
- 23 The site has potential to accommodate up to 4 new dwellings, however, it is located within the Green Belt.
- 24 Officers consider that the best way to unlock the site's potential is as a Rural Exception Site (Core Strategy Policy SP4). It is also noted that Seal Parish Council has a housing needs requirement following a needs survey.
- 25 The Council's Housing Team identified this parcel of land to the rear of Sealcroft Cottages, Seal that could potentially be developed for much needed affordable housing. Discussions were held with the Parish Council and with a housing association.

- 26 The Council is in agreement to use this parcel of land for much needed housing, but wishes to ensure it is disposed of in accordance with the LGA 1972 and for outstanding matters to be addressed.
- 27 The site was advertised for disposal on 4<sup>th</sup> and 11<sup>th</sup> February and consultation responses were received from two neighbours who wished to purchase part or the whole of the site.
- 28 While this site should be disposed of at market value and in accordance with the LGA 1972, given the Council's desire to promote and increase affordable housing supply in the District and in particular tied to the local affordable needs of Seal Parish, disposing of the site at less than best consideration can be supported provided the disposal is appropriately conditioned to ensure the dwellings remain affordable units in perpetuity.

### **Other Options Considered**

- 29 Given the planning status of the Russet Way and the Alder Way sites, consideration was given to these sites being developed directly by the Council or to be sold to Quercus 7 for market rent. Whilst the transfer to Quercus 7 would secure a capital receipt for the Council, it does have tax and legal implications and would be at valuation rather than market price with the risk of not realising best consideration for the land with planning permission. SDC, through its ownership of Quercus 7, would hold the risks relating to the changing market conditions, construction costs, profit margin, market lettings and potential voids.
- 30 Sale of either or both the Russet Way and Alder Way sites to Quercus Housing for affordable housing provision was also considered. This would entail a smaller capital receipt for the Council and Quercus Housing would still hold the risks relating to construction.
- 31 Given the complexities of the Oakhill Road site, despite several development options being considered for this site, it was considered too risky for the Council to take forward its own development on this site.
- 32 Alternative use and development options for the land to the Rear of Sealcroft were also considered, but the need for affordable housing in Seal Parish was considered pressing.
- 33 The disposal of these sites as proposed minimises the Council's risks and maximises capital receipts.

## **Key Implications**

### Financial

The disposal of these sites will reduce the Council's land holding costs and other liabilities.

The sites are surplus to the Council's requirements and will be treated accordingly for accounting purposes.

Valuation advice was obtained and reserve thresholds have been established.

The envisaged capital receipts will be applied towards the Council's approved Capital Programme.

### Legal Implications

The identified sites are within the freehold possession of the Council. There are no known title encumbrances that would prevent disposal. However, encroachment issues have been noted at several sites and these matters are being rectified and regularised.

The disposal of local authority land is legislated by the Local Government Act 1972. Amongst other key requirements, this legislation places an obligation on local authorities to seek best consideration and where there is an intention to dispose of public open space to advertise and consult with local residents.

The Council is required under Section 123 of the LGA 1972 to seek best consideration for a disposal. Disposal at less than best consideration is possible and permissible subject to the exceptions outlined in legislation.

With regards to land to the rear of Sealcroft Cottages, Seal, the General Disposal Consent 2003 and Government Circular 06/2003 allows the Council to dispose land at less than best consideration, where the Council considers it will help to secure the promotion or improvement of the economic, social or environmental well-being of its area.

Other legal implications are set out in the report.

### Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

## **Conclusions**

The sites identified in this report are surplus to the Council's requirements. Their disposal provides an opportunity to obtain capital receipts and to mitigate risks. The sites will be disposed of at the most opportune moment in 2021/22.

## **Appendices**

Appendix A - Indicative Valuations - Exempt Information.

## **Background Papers**

Kent Housing Group (May 2016): Rural Homes: Supporting Kent's Rural Communities.

Montagu Evans (Dec 2020): Redbook Valuation for Land to Rear of 7 Oakhill Road, Sevenoaks - Exempt Information

**Detlev Munster**

**Strategic Head of Property & Commercial**