

## WEST DUNBARTONSHIRE COUNCIL

### Report by the Executive Director of Housing Environmental and Economic Development

Council Meeting: 25 March 2009

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**Subject: Cordale Housing Association - Proposed Acquisition of Kippen Dairy Site**

#### **1. Purpose**

- 1.1 To inform Members of the findings of an Options Appraisal undertaken by Arneil Johnston Consultants in relation to the Kippen Dairy Site.
- 1.2 To seek Council approval for the recommendations contained within Section 8 of this report.

#### **2. Background**

2.1 A report on the proposed acquisition of the Kippen Dairy Site by Cordale Housing was submitted to the 28 January 2009 Council meeting and resulted in Council deciding to instruct an options appraisal to include the following:

- To examine the development options for the site such as a mixed social, private and commercial development
- The advantages of a partnership approach for the disposal of this site.
- The support of the local community for the options
- The ability of any partner to assist the council in re-provisioning of tenants from neighbouring properties.
- That if a mixed commercial development is the final option for the site the appraisals must examine a partner's ability to work with the council to re-provision commercial tenants from Mitchell Way.
- The ability of any potential partner to work with the council to resolve the sites title issues.
- The wider benefits in terms of the delivery of the SHIP and SQHS.

2.2 The Arneil Johnston Consultancy was commissioned to undertake this options appraisal and a copy of this report is attached at appendix 1.

#### **3. Main Issues**

3.1 Arneil Johnston undertook two separate options appraisals. One focused on the method of delivering the development and the second on what should be developed on the Site. The results of these appraisals were:

### 3.1.1 Delivery Options

The outcomes were:

OPTION	SCORE
Option One: As existing	39.7%
Option Two: Accept current Cordale HA offer	65.1%
Option Three: Negotiate sale of site linked to stock transfer of adjoining area	71.9%
Option Four: Establish Cordale HA as development partner for the town centre regeneration	65.9%
Option Five: Complete Town Centre Regeneration with RSL and Private Sector Partners	71.5%

In this scenario Option Three with Cordale Housing Association developing the site but this development being linked to the regeneration of the adjoining housing area comes top closely followed by Option Five.

### 3.1.2 Site Development Options

The outcomes were:

OPTION	SCORE
Option One: As Existing	7.6%
Option Two: Social & Affordable Housing	60.9%
Option Three: Private Housing	63.2%
Option Four: Affordable Housing and Commercial	64.7%
Option Five: Private Housing & Commercial	62.9%
Option Six: Commercial Development	58.9%

In this scenario Option Four - affordable Housing combined with commercial development has the highest score closely followed by Private Housing.

**3.1.3** Overall the highest scoring option is for Cordale Housing Association to develop the site with affordable Housing combined with commercial development with this development being linked to the regeneration of the adjoining housing area.

**3.1.4** While this option does have the advantage of a potential early action for the regeneration of central Alexandria 5 significant disadvantages are highlighted in the report and these include:

- the long term demand for affordable dwellings above commercial premises may be doubtful and there is significant risk associated with such a development;
- in the current economic climate there is a potential lack of funding for commercial development;

**3.2** Arneil Johnston's report takes account of these disadvantages while recognising the importance of the Kippen Dairy Site for the wider regeneration of Central Alexandria. In particular the quality of any proposed development and how it will complement and enhance the regeneration of the area is seen to be a major issue. They propose a residential development of affordable housing, mid market housing (mid market housing is defined as housing with rents set between full market value and social housing rent levels) and housing for owner occupation.

Affordable housing includes social rented housing, subsidised low cost housing for sale, low cost housing without subsidy and mid market rent housing.

**3.3** The report's recommendations are:

1. The current proposal by Cordale Housing Association be rejected as premature.
2. The Title issues regarding the site should be resolved as a matter of urgency.
3. The valuation issues relating to the site and site boundaries should be clarified.
4. In the event of there being a discrepancy in valuation following this Clarification, the Council may wish to seek Scottish Government approval to dispose of the site for less than market value. The major reason for such a request would be the key importance of the site to the broader regeneration of Alexandria.
5. Negotiations should take place with Cordale Housing Association for the sale of the Kippen Dairy site after completion of recommendations 2 and 3 Subject to conditions relating to site design and housing mix.
6. A development brief should be prepared for the larger site incorporating affordable housing, market rent housing and housing for owner occupation.
7. The development brief for the site should as a minimum encompass the surrounding council housing as defined in the report.

**3.4** The following points address how these recommendations can be best taken forward:

Recommendation 1: The current proposal by Cordale Housing Association be rejected as premature

While this recommendation relates to the current position it is recommended that, subject to conditions, the sale of the site be negotiated with Cordale Housing Association (see para 8.1 (d) below).

Recommendation 2: title issues

As stated in the report to the 28 January Council meeting, West Dunbartonshire Council does not own all the land within the boundaries of the site at Main Street/ North Street, Alexandria. Legal Services have identified the full extent of these gaps, enabling the Council to enter into negotiations and/or indemnity arrangements to purify the title. It is very difficult to set a timescale for this work however it will take a minimum of 6 months. If compulsory purchase orders are necessary it will take considerably longer. This timescale may not delay progress since as can be seen below, the commissioning of a development brief and the possible need to obtain the consent of Scottish Ministers for selling the site at below market value will be an essential part of the overall plan for this site.

Recommendation 3: valuation issues

Subject to agreement that Cordale Housing Association is the preferred developer for the site, the Council's Estates Section will enter into negotiation with the Association for the sale of this land after the Council has purchased all outstanding ownerships. A future report will be submitted to the Housing Environment and Economic Development Committee with recommendations.

As indicated in the report to the January 2009 Council meeting regarding the Kippen Dairy Site, the Council will require the consent of Scottish Ministers to sell the land at less than market value. Any application for this consent would be supported with the options appraisal undertaken by Arneil Johnston.

Recommendation 4: site disposal for less than market value

A report will be submitted to the Housing Environment and Economic Development Committee if this option requires further consideration.

Recommendation 5: Sale of site to Cordale Housing Association

The sale of the site to Cordale Housing Association will include conditions that require adherence to the development brief and the importance of the site for the regeneration of the town centre.

Recommendation 6

It will be necessary to complete the development brief before the sale of the land therefore it will be necessary to commission this brief. Since there are plans for a jointly funded feasibility study with the Scottish Government, through the master planning process, the option of a development brief being included in the feasibility study will be raised with the Scottish Government's Housing Investment Division.

The report to the 28 January Council meeting identified specific issues relating to design and layout which will be addressed in the development brief.

#### Recommendation 7

The Council's housing stock is part of the Central Alexandria Regeneration Area which the Council has identified for stock transfer through the Standard Delivery Plan. The development brief will include the surrounding area but will not prevent, as a first stage, the development of the Kippen Dairy Site.

**3.5** As part of the options appraisal Arneil Johnston consulted members of the Central Alexandria Tenants and Residents Association who expressed the following views:

- The Kippen Dairy site is seen as crucial to the regeneration of Alexandria;
- There is concern about the timescale for resolving the Title issues and a need to stress this urgency to the Council;
- The concept of a mixed commercial and housing development was supported but there was recognition of the risk associated with commercial development given current economic conditions;
- Mid-market rent housing was accepted as being appropriate for the street frontage at the Smollet fountain;
- Consideration should be given to a level of owner occupation particularly to accommodate current owners within the adjoining housing stock; and

There would be significant benefit for the development brief to cover a larger area than the current site to ensure the area had a consistency of design

#### **4. Personnel Issues**

**4.1** None

#### **5. Financial Implications**

**5.1** Financial implications will relate to the sale of the site and the potential for the disposal of the site at less than market value. A further report to the Housing Environment and Economic Development Committee will be made on this issue if required.

#### **6. Risk Analysis**

**6.1** There is a risk that the council will not obtain the market value for the site if it decides not to place the site on the open market, however, this must be considered in the context of the key importance of the site to the broader regeneration of Alexandria and the current economic downturn. There is also a risk that Scottish Ministers will not approve the disposal of the Kippen Dairy Site at less than market value.

**6.2** There is also a risk that the funding required to meet the development brief cannot be achieved by Cordale Housing Association. This will be addressed through the land sale negotiations and reported to the Housing Environment and Economic Development Committee if financial issues cannot be resolved.

## **7. Conclusions**

**7.1** The recommendations of Arneil Johnston in their Options Appraisal report identify key issues in relation to ownership and the significance of the Kippen Dairy site in relation to the regeneration of Alexandria Town Centre. The report presents pragmatic proposals which look to the future but at the same time recognise the opportunity to establish the building blocks through the development of the site as a first stage in the process.

## **8. Recommendations**

### **8.1 The Council is asked to agree:**

- a) to the recommendations of Arneil Johnston as stated at paragraph 3.3 above**
- b) That the formal legal offer submitted by Messrs T.C. Young, Solicitors, on behalf of Cordale Housing Association Limited to purchase land at Main Street/ North Street, Alexandria be refused.**
- c) That delegated authority be given to the Executive Director of Housing, Environmental and Economic Development to negotiate and agree the purchase price of the remaining legal interests within the boundaries of the site and thereafter authorise the Head of Legal, Administrative and Regulatory Services to conclude these transactions subject to such legal conditions considered appropriate.**
- d) That following the purchase of all remaining legal interests and the production of a comprehensive development brief by Planning Services, the Executive Director of Housing, Environmental and Economic Development be authorised to enter into negotiations with Cordale Housing Association for the sale of the site subject to the approval of Scottish Ministers.**
- e) That delegated authority thereafter be given to the Executive Director of Housing Environmental and Economic Development in consultation with the Head of Legal, Administrative and Regulatory Services to conclude the transaction subject to such Legal conditions considered appropriate.**

**Elaine Melrose**  
**Executive Director of Housing, Environmental and Economic Development**  
**Date: 12 March 2009**

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**Appendix 1:** Options Appraisal: Kippen Dairy Site, Alexandria

**Background Papers:** Council 28 January 2009: Cordale Housing Association -  
Proposed Acquisition of Kippen Dairy Site

**Ward Affected:** Ward 2

# **Appendix 1**

**WEST DUNBARTONSHIRE COUNCIL**

**OPTION APPRAISAL  
KIPPEN DAIRY SITE  
ALEXANDRIA**

**FINAL REPORT  
MARCH 2009**