

WEST DUNBARTONSHIRE COUNCIL

Report by the Acting Director of Housing, Regeneration and Environmental Services (Housing and Regeneration Services)

Special Council : 28 March 2007

Subject: Disposal of Sites at Renton and Alexandria

1. Purpose

- 1.1** This report makes comment and recommendations in respect of proposals to dispose of land at Tontine Crescent, Renton, and the Millburn Depot and the former Kippen Dairy site, Alexandria.

2. Background

- 2.1** An item of business concerning land at Tontine Crescent, Renton, Millburn Depot, and the former Kippen Dairy site, Alexandria has been submitted for consideration by the Council. It is suggested that these sites may be sold by the Council in direct negotiation with Cordale Housing Association. It is proposed that these disposals would take place at a negotiated value which is to be agreed between the parties which would represent the open market value of these sites. It is understood that it is hoped that these locations can be disposed of to Cordale Housing Association by 31 March 2007, because it is believed that resources can be made available to fund these transactions before the end of this financial year.

3. Main Issues

- 3.1** There are some issues which apply generally to the disposal of all three of these sites. In particular it must be noted that it is not realistic in any way to consider that these disposals could take place by the deadline at the end of the current financial year. Even where disposals are taking place by negotiation, the purchaser will seek to submit a qualified offer. Qualifications within the offer could concern many matters which could affect the valuation of the site but would normally include the granting of planning consent for a given number of dwellings and provision for site investigations to be carried out with adjustments to be made depending upon the outcome of these investigations. In all cases, even in circumstances where there is goodwill between the parties and a willingness to bring matters to a speedy conclusion, this process takes several months and it is not possible to arrive at a final valuation for the site resulting in the Council receiving payment prior to the conclusion of this process.

- 3.2** As a general rule, the Council has sought to dispose of redundant assets and sites by placing them on the open market. In this way, the Council can be certain that the maximum capital receipt which can be obtained for the site is secured. While negotiating the sale of a particular asset can be an appropriate means to dispose of a site where this can be justified, the full value of the site can never be completely established without market testing what the maximum receipt for the Council could be. In short, agreeing to a negotiated sale of an asset may lead to a lesser sum being received for the asset. There is an ongoing need for a programme of capital receipts to assist in funding the capital programme of essential and desirable works by the Council.
- 3.3** Turning to the issue of demand for social housing, the Council has agreed to instruct consultants to prepare a demand and supply study of the need for housing of all tenures within West Dunbartonshire. Consultants will be appointed in the near future to carry out this exercise and conclusions will be available later this year. It will be appreciated that a significant amount of land within the Council area is presently occupied by social housing, including areas of social housing which the Council proposed to demolish within its unsuccessful Community Ownership Programme application. At this stage, it cannot be stated with any certainty what the requirements are for additional land for social housing, though some provision has been made within the West Dunbartonshire Local Plan Review. Statistical analysis indicates that a very significant majority of new private sector houses built within West Dunbartonshire are purchased by persons already resident within the Council area.
- 3.4** Turning to the specific locations mentioned within the business before the Council, the following comments can be offered.

Tontine Crescent

- 3.5** A development of up to 300 houses at Dalquhurn is proposed jointly by Cordale Housing Association and Turnberry Homes. The site will be accessed via John Street. The issue of the feasibility of creating a second access to the site has been raised at meetings with officers. Officers are continuing to work closely with Cordale and their development partners with respect to all of the issues raised at these meetings and it is intended that this process will continue. At this stage, this area of land has not been declared surplus by the Council and there is no decision to dispose of it. Notwithstanding this, as this development evolves, then discussions will no doubt take place between the relevant parties and Council officers to resolve outstanding issues. Discussion on the value of this site should the Council be of a mind to dispose of it, would depend to some extent upon the precise planning proposals which are concluded. It should be borne in mind that part of this development is private sector and in these circumstances the Council would be negotiating directly with the private sector, albeit through a public sector intermediary.

- 3.6** In these circumstances, it is considered highly desirable that the normal process should be pursued with any request to purchase land by Cordale at this location being dealt with through the normal process of Committee report at the appropriate time.

Millburn Depot

- 3.7** This site was the subject of discussion at the Community Safety and Environmental Services Committee of 7 February 2007. This Committee agreed to the recommendations that the site should be declared surplus, that the Acting Director should be authorised to advertise the depot on the open market for disposal for residential development and that Officers be authorised to conclude the transaction.
- 3.8** Advertising on the open market is the normal Council process with respect to the disposal of sites of this nature. Only by going to the market can the Council be certain that it has obtained the best possible capital receipt in respect of the disposal of its asset. This decision has been arrived at following the preparation of an officer's report with a clear recommendation and a decision by the Committee.
- 3.9** The Council is about to conduct a major exercise assessing the demand for housing including social housing. It is not considered appropriate to amend the Council's normal procedures in respect of disposing of sites without proper justification.

Kippen Dairy

- 3.10** It has been strongly argued locally that a comprehensive plan for the regeneration of central Alexandria is required. The Council has agreed to this and a forum has been established to take forward this exercise. There appears to be considerable good will within the forum and a willingness on the part of all parties to work together to secure the maximum benefit for the local community. Given the commitment which has been entered into by the Council to prepare a masterplan for central Alexandria, it is considered inappropriate to dispose of the Kippen Dairy site at this stage.
- 3.11** It would not be possible to value the Kippen Dairy site without knowledge of the land uses which would be considered appropriate in terms of the masterplan. It would be inappropriate to dispose of a site without this knowledge. It is considered essential that the Council stick to its commitment to masterplan the Alexandria area and thereafter dispose of sites in the appropriate fashion, which may include provision for social housing. In this way, it is considered that maximum benefits will be obtained for the Alexandria community and that the Council will be able to justify best value in terms of the capital receipts which it obtains.

4. Personnel Issues

4.1 There are no personnel issues.

5. Financial Implications

5.1 As outlined above, it is proposed to dispose of the above locations at the appropriate time, mainly through open market procedures but also by negotiation where this is appropriate, for example, at the Tontine site. Negotiated valuation will obviously produce an agreed capital receipt representing the assessed market value for the Council. However, only by putting the asset on the open market, is the Council able to demonstrate that it has obtained the maximum receipt in return for the disposal of its asset.

6. Risk Analysis

6.1 Any disposal of a redundant asset by the Council should take place in a transparent fashion. Members should be made fully aware of the financial and other implications of any decision which they may propose to take. There is a risk that by disposing of assets on a negotiated basis, the Council will not receive the maximum return in respect of any disposal, therefore, any decision to negotiate with a nominated Housing Association and private developer must be justified to avoid potential criticism from other developers.

7. Conclusions

7.1 Disposal of these locations could not be achieved by 31 March 2007. A decision to dispose of the Millburn Depot on the open market has already been taken by the relevant Committee and there is no reason to change this decision. There is a commitment to a masterplan for the regeneration of Central Alexandria and disposal of the Kippen Dairy site would be premature. Discussions are ongoing concerning Cordale Housing Association's proposal at Dalquhurn and there is a need for further discussion concerning these proposals.

8. Recommendations

8.1 That Members agree:

- (i) **to instruct Officers to continue discussions with Cordale Housing Association concerning their proposed development at Dalquhurn / Tontine and to submit a report to a future Committee concerning the proposed disposal of any land required to promote a successful development at this location;**
- (ii) **not to amend the decision of the Community Safety and Environmental Services Committee of 7 February 2007, concerning the proposed disposal of the Millburn Depot site; and**
- (iii) **not to dispose of the Kippen Dairy site, Alexandria, at this stage and to instruct Officers to continue to develop a masterplan for the**

regeneration of Central Alexandria and to bring forward a comprehensive package concerning the disposal of appropriate sites in the central Alexandria area for consideration at an appropriate future committee meeting.

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Date: 22 March 2007

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Appendices: None

Background Papers: Alexandria Heart of the Vale Town Centre Action Plan
Alexandria Transport Feasibility Study
Report to Community Safety & Environmental Services Committee - 2 November 2005
Report to Community Safety & Environmental Services Committee - 2 August 2006
Report to Community Safety & Environmental Services Committee - 7 February 2007

Wards Affected: Wards 17 & 18