



BELFAST CITY COUNCIL

Report to:	Strategic Policy & Resources Committee
Subject:	Land at Clara Street
Date:	19 th August 2011
Reporting Officer:	Gerry Millar – Director of Property & Projects
Contact Officer:	Cathy Reynolds – Estates Manager

Relevant background information

At its meeting of 4th November 2009 Health & Environmental Services Committee declared Clara Street Civic Amenity Site surplus and agreed to its appropriation to the Strategic Policy and Resources Committee to be managed as part of the Corporate Landbank by the Estates Management Unit with a view to placing the premises on the market following a Planning Assessment. This appropriation was noted at the Strategic Policy and Resources Committee held on 5th March 2010.

At its meeting on 24th September 2010 the Strategic Policy and Resources Committee agreed to declare the former Civic Amenity site at Clara Street surplus to the requirements of the Council and to place it for sale on the open market, following which a further report would be taken to the Strategic Policy and Resources Committee for approval to the terms of any disposal.

The Planning Assessment confirmed the likely redevelopment of this former Civic Amenity site for residential use and following consultations with Planning Service as to nature and density of any such redevelopment the Assessment concluded a density of 25-35 three bedroom residential units as appropriate on the 1.106 acre site.

The site (location map attached at Appendix 1) has been on the market with Campbell Cairns since February 2011. Four agents were initially asked at end of 2010 to provide an indication of their opinion of value (values ranged from £450,000 to £675,000) Following the various Committee decisions and on the basis of a Planning Assessment the former Civic Amenity site at Clara Street was placed on the open market for sale with a guide price of £600,000.

Despite extensive marketing of the site from the beginning of the year there has been limited interest with only two parties making offers over the marketing period. Towards the end of July 2011 both parties were requested to make their best and final offers to purchase by Thursday 4 August.

The highest offer of £522,000 for the subject site has been made by a building maintenance operator. The next highest offer received, from a registered housing association, was £520,000.

The marketing agents, Campbell Cairns, have confirmed that they would be content to recommend acceptance of the £522,000 offer should the Council wish to dispose of the site at this time.

Key Issues

- Following the request for best and final offers the highest offer for the 1.106 acre site is £522,000, which the marketing agents can recommend for acceptance.
- The commercial operator runs a building repair and outdoor maintenance business and proposes to utilise this former Civic Amenity site as a maintenance depot in which to base their Belfast operations and until such time as planning is secured for future housing redevelopment.
- The housing association have undertaken their own Planning Assessment and Preliminary Risk Assessment report (ground contamination) and concluded that the subject site is suitable for redevelopment with 16-18 residential units which is well below that indicated in Council's Planning Assessment (25-35 residential units) and was reflected in their initial opening bid of £360,000.
- NIHE have confirmed a requirement for 2-bed and 3-bed residential accommodation in the area and the shortage of readily available sites in east Belfast generally. Consequently NIHE have supported the particular housing association currently bidding on the Clara Street site.
- Bids were received in £20,000 increments between the commercial operator and the housing association as the only other bidder from their initial £360,000 bid. The housing association confirmed their final offer of £520,000. Neither bidder made their offers subject to planning and both have been able to confirm available funding for the purchase to proceed.
- Council are not bound to accept the highest or indeed any offer and could also withdraw the site from the market. In the event that the site is withdrawn from the market Council will remain liable for the agent's marketing expenditure and possibly for all or part of their agreed fee of £1,500.

Options:

In light of the above the following options can be considered:

Option 1

- Complete sale to the highest bidder at £522,000 in order to realise maximise income for the Council from this surplus asset.
- The commercial operator's bank has provided confirmation of the ability to complete this purchase utilising bank finance with the ability for a timely completion.
- Prospect that immediate use of will be made of these vacant premises in association with the commercial operator's current business and potentially future residential redevelopment upon securing appropriate planning approval.

Option 2

- Seek to complete sale with the housing association at the lower bid of £520,000 which would represent a potential loss of income to the Council of £2,000.
- The housing association has also provided confirmation from their bank of their ability of finance to complete this purchase.
- Redevelopment of the site by the housing association as a residential scheme would provide additional social housing units in the area where NIHE have identified such a requirement.
- If Members wish to consider accepting the lower housing association bid (£520,000)

this is at least that best price as required by Section 96(5) of the Local Government Act (NI) 1972. This provides that the right of a Council to dispose of land shall be subject to the restriction that, except with the approval of the Department of the Environment, any disposal of land shall be at the best price or for the best rent or otherwise on the best terms that can be reasonably obtained.

- In these circumstances approval to dispose to the housing association at the lower bid of £520,000 would be required from the DOE based on a submission from Council justifying the decision not to accept the highest offer. There is no certainty regarding securing the necessary DOE sanction at this time. However, a Departmental Circular (circular LG 02/08) previously issued to Councils in relation to the disposal of surplus land referred to land transfers for social housing and the then Minister for Social Development had initiated an audit to examine land holdings and asked that Councils consider the issue also.
- Whilst the legislation gives little guidance as to when departmental approval should be sought or given, it is considered that if the Council did wish to make a case to the Department for approval to dispose, it would need to set out why it feels disposal at less than best price is appropriate in the circumstances and how the proposed disposal will benefit the district or its inhabitants. This is on the principle that if the Council is selling at less than best price this ought generally to be offset by some other means by which it is advancing its interests. Even though there is only £2000 difference in this case which is 0.4% of the overall figure there is no 'de minimis' approval for Councils and DOE approval is required.
- As an alternative to considering disposal at less than best price Council could withdraw the site from the open market and pursue a disposal through the public sector clearing house arrangements operated by Land & Property Services (LPS) in order to progress a disposal to the housing association at market value (assessed by LPS). However it is likely that LPS will be guided by the current highest bid of £522,000 following exposure of the site on the open market in assessing the appropriate disposal price. This alternative approach will require additional time to undertake and would delay the completion of any disposal as LPS would have to trawl the availability of the site to all public sector bodies and the process would take some time to complete.

Resources Implications

Financial: Capital receipts can be used in furtherance of the City Investment Fund, capital projects or other corporate priorities.

Human Resources: Staff resource, primarily from Estates Unit and Legal Services required to progress any disposal.

Asset Implications: Disposal and redevelopment of this vacant property and redeployment of the capital receipt towards other Council priorities should represent a better use of resources.

Recommendations & Decisions

Members are requested to consider the disposal options for this site and advise on which of the above Options they wish to proceed.

Decision Tracking

Director of Property and Projects to ensure disposal process is commenced within one month of Committee decision.

Key to Abbreviations

NIHE – Northern Ireland Housing Executive LGA – Local Government Act DOE – Department of the Environment LPS – Land & Property Services
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Documents attached

Appendix 1: Location Map
