



BELFAST CITY COUNCIL

Report to:	Strategic Policy & Resources Committee
Subject:	Land at McClure Street
Date:	19 th August 2011
Reporting Officer:	Gerry Millar – Director of Property & Projects
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Relevant background information

At its meeting of 21st January 2011, and following the request of Council at its meeting of 5th January 2011, the Strategic Policy & Resources Committee reaffirmed its previous decision of 10th December 2010 to market the lands at McClure Street free of restrictions as to future use and on the basis that any disposal would be time bound. A location map is enclosed at Appendix 1.

It was also agreed that a further report would be brought back to a future meeting of the Strategic Policy & Resources Committee to advise on the marketing price together with any DSD requirements in release of the restrictive covenant. Prior to these reports, Council officers had commissioned a planning assessment for the site and had also met with Planning Service regarding the potential future uses in planning terms.

The Strategic Policy & Resources Committee reports of 10 December 2010 and 21 January 2011 (enclosed at Appendices 2 & 3) set out the various options in dealing with the disposal and future development of this land. One of the key issues highlighted was the legislative requirement under the Local Government Act (NI) 1972 to obtain best price or otherwise best terms in the disposal of land; otherwise DOE approval is required. Further, that imposing restrictions on the future use of the land when marketing could restrict the value and potentially not comply therefore with the best price legislation requirements. In order to demonstrate that best price is being obtained and to not leave the open to challenge, Members were advised that the land should be openly marketed and interested parties could bid accordingly.

This report also emphasised that the key issue affecting the future use of this land is its planning designation. In dBMAP the site is zoned as open space and the planning policy document PPS8 incorporates a presumption against the loss of open space but it also provides an exception where *'it is clearly shown that the redevelopment will bring substantial community benefits that decisively outweigh the loss of open space'*. The advice therefore from both the planning consultants and from Planning Service is that any proposed development would have to bring substantial community benefit to outweigh the loss of open space. The view of the consultants is that the provision of say social housing or some other community type facility could deliver such benefits. On the basis of both their advice and following discussions with Planning Service it was considered that the test of 'substantial community benefit' is unlikely to be met by the provision of private housing. If a planning application was to be submitted for social housing or other type of development of a community nature it would have to be considered on the basis of this exceptions test in terms

of the substantial community benefits it would bring.

The recommended option, as approved by the Strategic Policy & Resources Committee, to advertise for sale on the open market, free of restrictions as to future use means that it accords with the Council's legislative requirement to obtain best price (or best terms) but would also allow the Council to consider other potential end users apart from say social housing that might be desirable from a community or social perspective (subject to planning).

Given the planning context and potential loss of open space we expect that local community input will be a major factor in any planning outcome and proposed developers will need to factor this in.

Key Issues

Following the decision of the Strategic Policy & Resources Committee on 21st January 2011 five estate agents were asked, as part of part of their submission, to tender for disposal of the site and to provide an opinion of market value based on Council's Planning Assessment and free of any user restrictions.

Marketing Price

- Opinions of market value, provided in the 5 no estate agent's submissions, ranged from £100,000 to £650,000 reflecting the volatility of the current property market and the uncertainty in planning terms. It is therefore likely that optimum value would be achieved from offers subject to the purchaser securing an appropriate planning consent. In this scenario offers would be conditional on them obtaining planning.
- Market value estimates were based on the assumption that the site could be redeveloped in line with Council's Planning Assessment which indicated a potential social housing residential development, as well as other possible community type uses.
- Agents were advised that any disposal would be subject to securing full planning permission within 2 years of agreement.
- Appendix 4 provides more detail on the marketing prices as proposed by the 5 agents and it will be noted that there is a wide variance of opinion between agents- primarily due to the uncertainties over planning as well as the current property market. It is proposed (subject to Committee approval) to take the site to the open market with a guide price of £450,000 based on the housing density suggested in the Planning Assessment of 22 residential units. It is important to note however that this is a guide price only and ultimately the true market value will really only be known when the site is openly marketed. It is also likely that any offers received will be conditional upon obtaining planning approval. Based on the fee basis as proposed by the agents, it is proposed that the first agent as set out in the Schedule at Appendix 4 be appointed to market the site.

Release of Restrictive Covenant

- The land was acquired by the Council from DOE and is subject to a covenant that restricts use of the lands to landscaping and open space. DSD (as successor to DOE) have confirmed that, subject to payment of a capital premium, they would be willing to remove this restrictive covenant.
- Land & Property Services have been requested to provide an assessment of the cost to remove the restrictive covenant from title to the site in order to permit a full range of uses for future development potential.
- Any capital premium that would have to be paid to DSD to remove the restrictive covenant would be funded from the disposal proceeds.

Resources Implications

Financial: Capital receipts can be used in furtherance of the City Investment Fund, capital projects or other corporate priorities. DSD may have to be compensated from removal of the restrictive user covenant funded from disposal proceeds.

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.

Equality & Good Relations Implications

None at this time

Recommendations & Decisions

Members are requested to consider this report and approve that agents are now appointed to advertise the land for sale, free from restrictions and seeking offers in the region of £450,000. A further report to be taken to this Committee in due course for approval of terms of any disposal.

Decision Tracking

Director of Property and Projects to ensure that the marketing process is progressed within three months of the Committee decision.

Key to Abbreviations

DSD – Department for Social Development

Documents attached

Appendix 1: Location Map

Appendix 2: Strategic Policy & Resources Committee Minute 10 December 2010

Appendix 3: Strategic Policy & Resources Committee 21 January 2011

Appendix 4: Summary of Agents valuation and fee proposals.