

Bolsover District Council

Executive

24th February 2020

<p>Sale of land to registered custom and self builders</p>

Report of the Portfolio Holder - Housing & Community Safety

This report is public

Purpose of the Report

- To inform Executive of the proposal for the sale of council owned land to registered custom and self-builders for a consideration less than the best that can reasonably be obtained
- To seek approval of targeted marketing and subsequent sale of the following plots to individuals and groups registered on the Council's self-build and custom housebuilding register:
 - a) Land at Baker Street, Creswell
 - b) Land at Blind Lane, Bolsover
 - c) 263A Creswell Rd, Clowne
- To seek delegated powers to agree the terms for the sale (including the price) of other surplus Council-owned land to individuals or groups on the Council's self-build and custom housebuilding register.

1 Report Details

Self-build and Custom Housebuilding

- 1.1 The Self-build and Custom Housebuilding Act 2015 requires the Council to have regard to the self-build and custom housebuilding register ("the register") when carrying out its functions relating to—
- (a) planning;
 - (b) housing;
 - (c) the disposal of any land of the authority; and
 - (d) regeneration.
- 1.2 Government guidance says with regard to the disposal of land:

Authorities who are under the duty to have regard to registers that relate to their areas should consider the evidence of demand for self-build and custom housebuilding in their area from the register when developing plans to dispose of land within their ownership.

- 1.3 Government guidance goes on to say the Council could increase the number of planning permissions which are suitable for self-build and custom housebuilding by using their own land if available and suitable for self-build and custom housebuilding and marketing it to those on the register.
- 1.4 However, although there is a statutory duty to 'permission' sufficient serviced plots to meet demand on the register, Government guidance does not address the question of disposal of land to individuals or groups on the register at less than best consideration and there is no regulatory or statutory requirement to do so.

The Council's Disposals and Acquisitions Policy

- 1.5 The Council's actions in disposing of land are otherwise subject to statutory provisions; in particular, to the overriding duty on the Council, under section 123 of the Local Government Act 1972, to obtain the best consideration that can be reasonably obtained for the disposal of land.
- 1.6 This duty is subject to certain exceptions that are set out in the Local Government Act 1972: General Disposal Consent (England) 2003. The specified exceptions are:
 - a) the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objectives in respect of the whole or any part of its area, or of all or any persons resident or present in its area;
 - i) the promotion or improvement of economic well-being;
 - ii) the promotion or improvement of social well-being;
 - iii) the promotion or improvement of environmental well-being; and
 - b) the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds).
- 1.7 Where an asset is being disposed at less than best consideration that can be reasonably obtained for the disposal of land, a market valuation is needed as part of the process of considering the wider public benefits alongside any financial implications. A market valuation would also enable accurate accounting and reporting.
- 1.8 In this context 'Market Value' has a specific definition, which is set out in the Royal Institution of Chartered Surveyors Valuation - Global Standards 2017 (the Red Book) VPS 4 para 4 and by the International Valuation Standards (IVS) 104 paragraph 29 as:

'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion'.

The Issue

- 1.9 In light of these legislative provisions, the definition of Market Value and the Council's own disposals policy, the Council's senior valuer has raised concerns that the targeted marketing of plots and restricted sale to individuals and groups registered on the Council's Self-build and Custom-build Housing Register may result in an asset being disposed of for a consideration less than the best that can reasonably be obtained.
- 1.10 To address this risk, and in accordance with the Council's Disposals and Acquisitions Policy, officers are now seeking approval from Executive for the disposal of the nominated plots of land to registered custom and self builders through targeted marketing and informal tender.

2 Conclusions and Reasons for Recommendation

- 2.1 As noted above, the 'Local Government Act 1972: General Disposal Consent (England) 2003' gives consent to the Council to dispose of land for less than the best consideration that can reasonably be obtained; providing the disposal would contribute to the achievement one or more of the following objectives:
- i) the promotion or improvement of economic well-being; and/or
 - ii) the promotion or improvement of social well-being; and/or
 - iii) the promotion or improvement of environmental well-being.
- 2.2 Proposals to dispose of land at less than best consideration should also be considered with regard to '*Circular 06/03: Local Government Act 1972 general disposal consent (England) 2003 disposal of land for less than the best consideration that can reasonably be obtained*' and with particular regard to guidance in this Circular on valuation and state aid rules.
- 2.3 In this case, the targeted sale of land to custom and self builders on the register would have a **social dimension** by promoting opportunities for home ownership for individuals and groups who want to play a role in developing their own homes.
- 2.4 This approach would also help to diversify the type of housing across the District and make a positive contribution to housing delivery.
- 2.5 The targeted sale of land to custom and self builders on the register would have an **economic dimension** insofar as custom and self builders on the register may not have the financial ability to compete with other house builders when seeking to purchase land on the open market.
- 2.6 The targeted sale of land to custom and self builders on the register would have an **environmental dimension** by making better use of under-utilised sites that are surplus to requirements and may become an ongoing maintenance liability or attract anti-social behaviour.
- 2.7 In terms of valuation, the sites will be offered with a reserve price set at the Council's senior valuer's 'market valuation' so they will not be sold at a price that is 'under value'

but the sites may not achieve the same value through a restricted sale to people on the register compared to disposal through public auction, for example.

- 2.8 In terms of state aid, this proposal does not offer a subsidy (by way of an under value, for example) and land would be disposed of via a competitive process (informal tender) rather than a private sale. Therefore, it is unlikely state aid rules would be engaged in any event.
- 2.9 However, if these proposals were approved, it is also considered notification of state aid would not be required unless a “single undertaking” would benefit from a subsidy on the ‘full cost’ of the land worth more than £55,000 per annum over a three year period. It is highly unlikely the sale of the three nominated plots of land to a single entity would give rise to any form of subsidy that would exceed this threshold.
- 2.10 Finally, the unrestricted value of the land to be disposed of and the consideration for the disposal would not exceed £2,000,000.
- 2.11 It is therefore concluded that it is appropriate to recommend approval of targeted marketing and subsequent sale by informal tender of the following plots to individuals and groups registered on the Council’s self-build and custom housebuilding register for a price no less than the senior valuer’s market valuation:
- a) Land at Baker Street, Creswell
 - b) Land at Blind Lane, Bolsover
 - c) 263A Creswell Rd, Clowne
- 2.12 If Members were satisfied that this approach was appropriate, it is recommended that delegated power be granted to the Director of Development, following consultation with the Portfolio Holder, to agree the terms for the sale (including the price) of other surplus Council-owned land to individuals or groups on the Council’s self-build and custom housebuilding register in the future.

3 Consultation and Equality Impact

- 3.1 The Housing Department has consulted on the disposal of the nominated sites with local councillors and senior leadership. The Asset Management Group have approved disposal of the sites to individuals or groups on the register.
- 3.2 The proposals for house building on these sites have also been subject to public consultation prior to the adoption of local development orders for all three nominated sites.
- 3.3 No equality issues were identified during public consultation and there are no obvious reasons why the proposals to dispose of these sites would have any significant impact on any person with a protected characteristic or group of people with a shared protected characteristics.

4 Alternative Options and Reasons for Rejection

- 4.1 The nominated sites have been chosen as they are considered to be the most attractive to individuals on the register, they qualify as serviced plots (within the

regulatory definition) and they have the benefit of local development orders granting permission in principle for custom and self-build houses on the land.

- 4.2 Asset Management Group considered disposing of these sites through public auction but with due regard to the duties placed on the Council by the Self-build and Custom Housebuilding Act 2015; it was agreed to seek Executive's approval for disposal of the nominated sites at less than best consideration to promote opportunities for custom and self builders on the register to acquire land.

5 Implications

5.1 Finance and Risk Implications

- 5.1.1 There is a risk that these sites would attract more interest and sell for more money if they were disposed of through public auction. There is also a risk that targeted marketing would miss the opportunity to increase awareness of land availability amongst potential custom and self builders in the wider market who are not on the register and are unaware the sites benefit from local development orders.
- 5.1.2 There was a potential risk the sites could be sold to individuals on the register but not get built out. However, it is intended that the land will be sold subject to a clause that if the purchaser has not applied for Planning Permission a year after the purchase of the land or not started on site within 18 months of applying for planning permission; the Council will be entitled to buy the land back at sale price less £500 for admin charges.

5.2 Legal Implications including Data Protection

- 5.2.1 The legal issues arising from these proposals have been fully addressed in the above report.
- 5.2.2 Any personal data associated with individuals or organisations on the register will be processed in accordance with the Council's privacy statement.

5.3 Human Resources Implications

- 5.3.1 These proposals do not give rise to any significant human resources implications.

6 Recommendations

- 6.1 That approval is granted for the targeted marketing and subsequent sale by informal tender of the following plots to individuals and groups registered on the Council's self-build and custom housebuilding register for a price no less than the senior valuer's market valuation:
- a) Land at Baker Street, Creswell
 - b) Land at Blind Lane, Bolsover
 - c) 263A Creswell Rd, Clowne
- 6.2 That, if by 30 June 2020, no successful bids have been forthcoming, the sites shall be disposed of by public auction.

- 6.3 That delegated power be granted to the Director of Development, to agree the terms for the sale (including the price) of other Council-owned land surplus to requirements to individuals or groups on the Council's self-build and custom housebuilding register, following consultation with the Portfolio Holder, and on the basis that the land shall not be disposed of for a price less than the senior valuer's market valuation of that land.

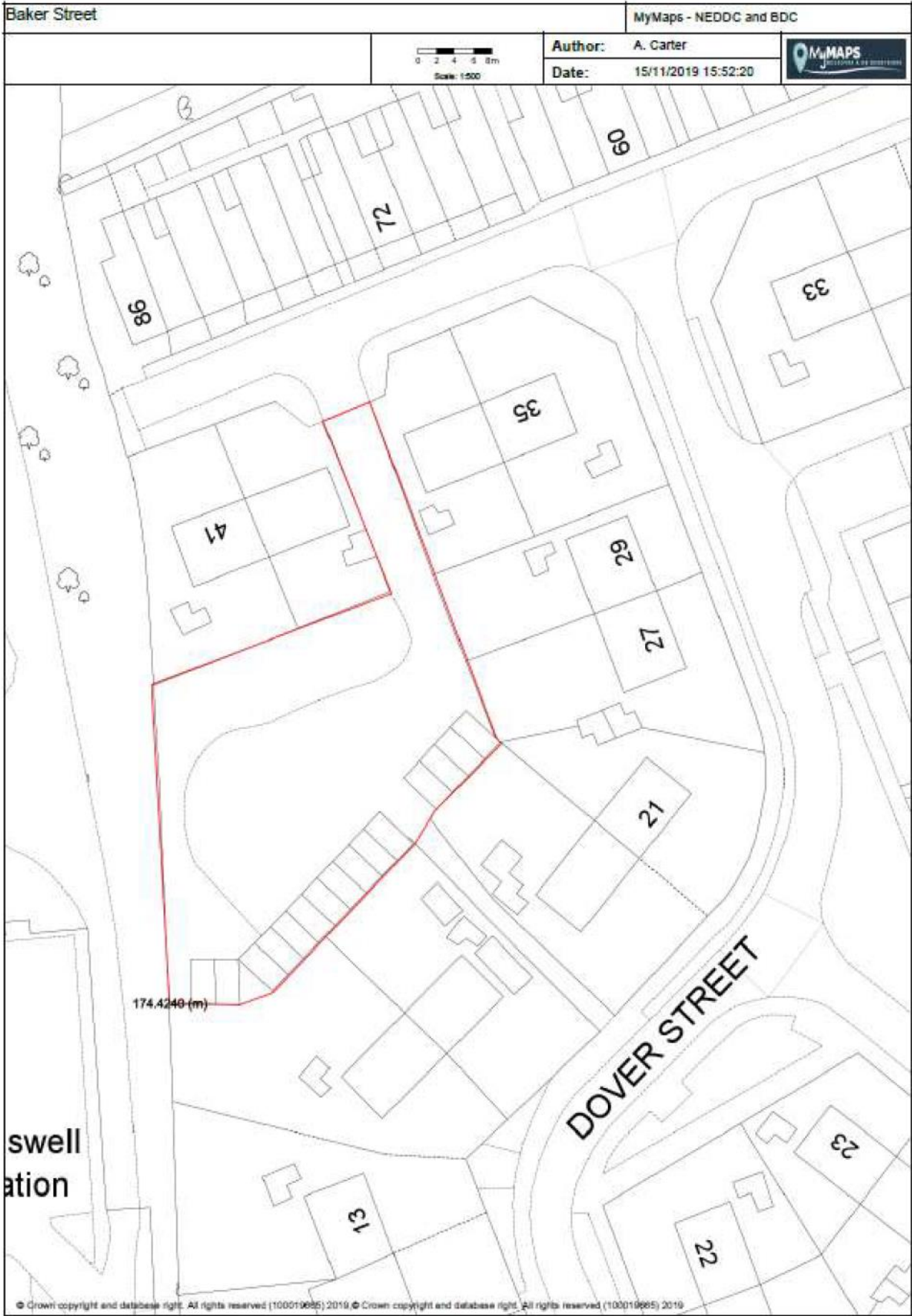
7 Decision Information

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
Has the relevant Portfolio Holder been informed	Yes
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	All

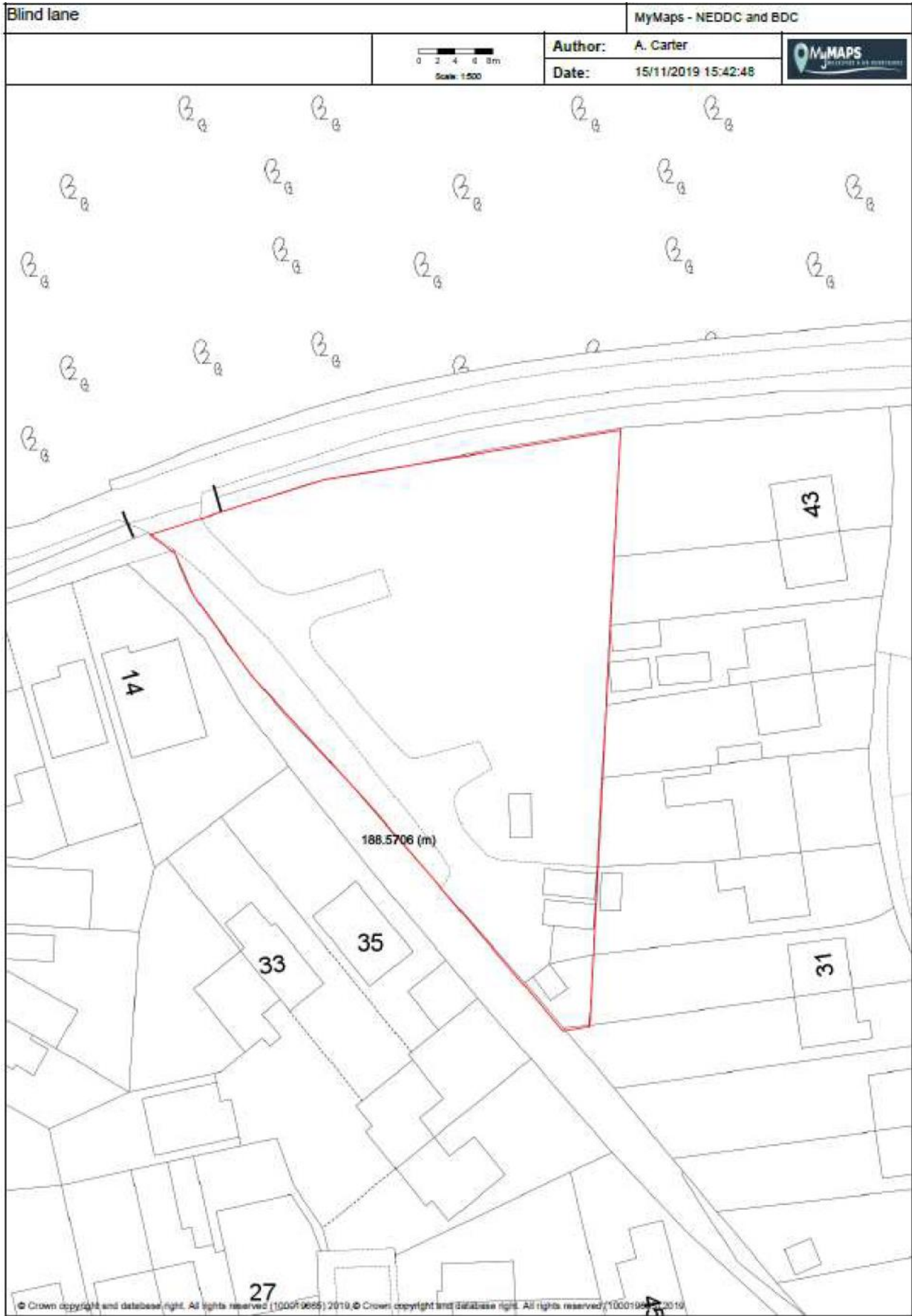
8 Document Information

Appendix No	Title
1	Land at Baker Street, Creswell
2	Land at Blind Lane, Bolsover
3	263A Creswell Rd, Clowne
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	
Report Author	Contact Number
Eve Hagon, Joint Housing Growth Officer Chris Fridlington, Assistant Director of Development	01246 217319 01246 242354

Appendix 1: Garage Site To The Rear Of 15 – 21, Baker Street, Creswell



Appendix 2: Garage Site to rear of 33 to 43 Iron Cliff Road, Blind Lane, Bolsover



Appendix 3: 263A Creswell Road, Clowne

