

EAST RENFREWSHIRE COUNCIL

CABINET

22 October 2020

Report by Director of Environment

SALE OF HRA LAND AT BARRHEAD SOUTH

PURPOSE OF REPORT

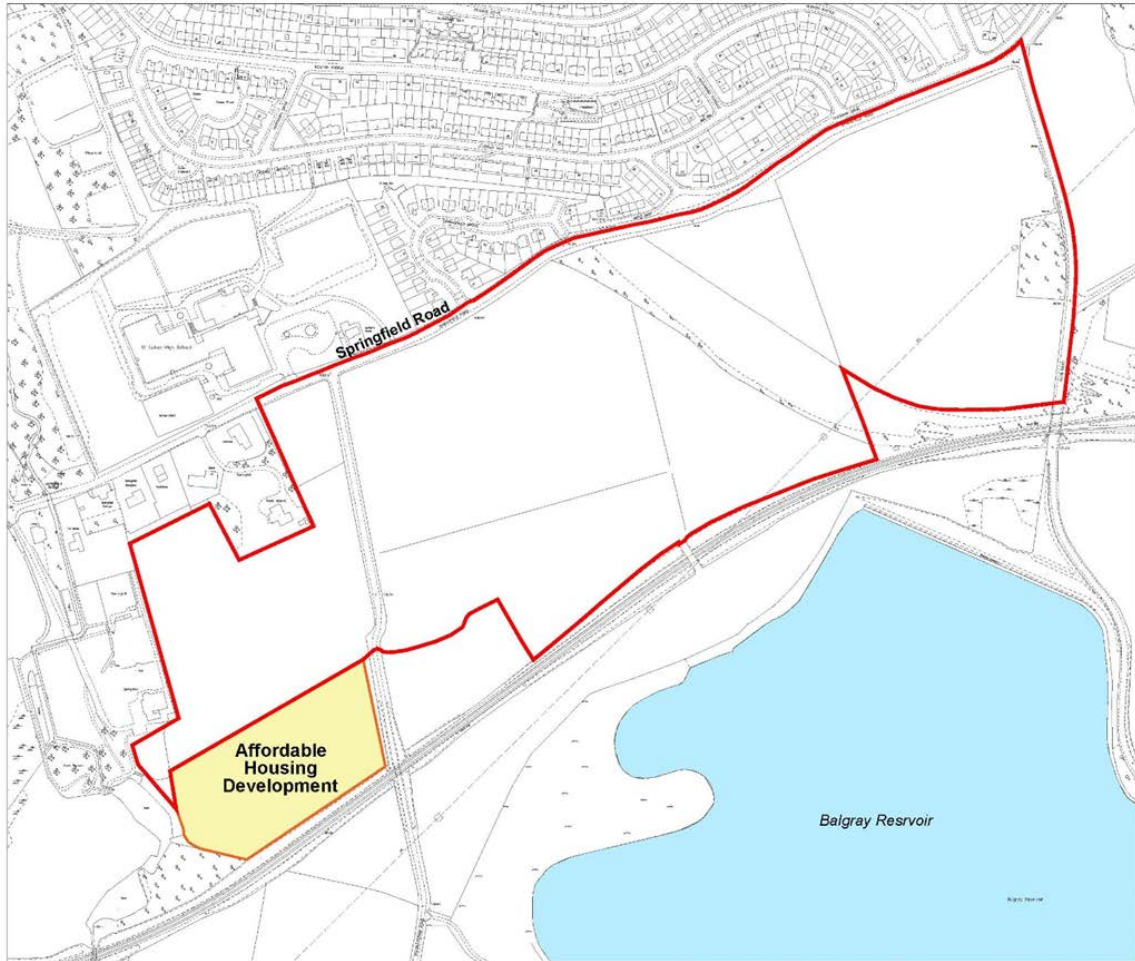
1. The purpose of this report is to update the Cabinet in relation to progress in the sale of land off Springfield Road/Balgraystone Road at Barrhead South Strategic Development Opportunity.

RECOMMENDATIONS

2. It is recommended that Cabinet:
- a) Approves the proposal that the Council disposes of its land holding on the open market for residential development on the basis outlined in this report and that the sale proceeds are used to finance the construction of council housing provision elsewhere within the council area;
 - b) Notes the progress made in bringing forward the sale of HRA owned land at Barrhead South;
 - c) Notes the appointment of Ironside Farrar Limited as consultant planners and engineers to secure Planning Permission in Principle and to investigate and prepare technical information required for marketing purposes in respect of the sale of land at Barrhead South; and
 - d) Notes the intention to appoint a residential development agent to assist with the marketing and disposal of the land in order to secure best value to the Council.

BACKGROUND

3. East Renfrewshire Council (ERC) owns land to the south of Barrhead at Springfield Road. The land, which is on the Housing Revenue Account (HRA), is located immediately south of Springfield Road and extends from the Aurs Burn in the west to Aurs Road in the East and is bounded by the Neilston to Glasgow railway line to the south. The ERC ownership within this area extends to approximately 23 ha (56 acres) as outlined in red on the plan below. For comparative purposes this is slightly larger than the size of Cowan Park.



4. The land forms part of an area allocated for housing as part of the Barrhead South Strategic Development Opportunity (SDO) in the East Renfrewshire Local Development Plan (adopted 2015) and is retained for housing within the East Renfrewshire Proposed Local Development Plan 2.

5. The Barrhead South master plan associated with the entire SDO area is anticipated to deliver a further 959 homes over the next 10 -15 years including affordable housing along with community facilities/uses public transport and road network improvements. Approximately 400 of the 959 new homes will be delivered on this Council owned site.

6. The Council are currently one of four land owners within the strategic land release area, the others being Miller Homes, Avant Homes and Wallace Land. It is understood Wallace Land intends selling its interest to a national housebuilder. Miller Homes has 104 house completions at the time of writing and Avant Homes are currently in the process of completing phase one of 26 units and have started on phase 2 comprising 105 units. Both developers have been making steady progress in constructing and selling homes which demonstrates there has been a level of demand for home ownership in the area recently.

7. In addition to the private residential development noted above the Council will shortly be constructing 47 affordable homes for social rent to the south of its ownership on 1.94 Ha (4.76 acres) as indicated and shown in yellow on the plan above.

8. It is proposed that the Council disposes of its land holding on the open market for residential development and that the sale proceeds are used to finance the construction of council housing provision elsewhere within the council area. This is because the most significant demand for social housing in East Renfrewshire is in the Eastwood side of the authority and provision for Affordable Housing has been made at Barrhead South.

9. The Scottish Government have granted in principle consent to the disposal of this site conditional on a full application to them once details of a sale are known.

REPORT

10. Engineering and planning consultancy Ironside Farrar has been appointed to investigate the technical aspects of the site, to develop a more detailed masterplan and to apply for and secure Planning Permission in Principle (PPiP) to assist the sale. This work delivers the following advantages;

- Investigation of Technical Aspects - the consultant will seek information on a number of aspects of the site which may impact on the future development of the site and seek to understand these in detail, for example surface water drainage. This information directly relates to the value of the site. Understanding this information will allow the Council to minimise the negative impact and maximise the benefits in terms of value.
- Develop a Masterplan - the consultant will draw up a masterplan for the site which illustrates a layout for the development showing the housing, roads, structural planting, suds ponds etc. This will endeavour to maximise development in line with planning requirements. This will enable any purchaser to quickly appreciate what is possible and lets all interested parties bid on a similar basis initially. The proposed masterplan will reflect the development principle outlined within the Supplementary Planning Guidance: Barrhead South Masterplan 2015.
- Planning Permission in Principle (PPiP) - the consultant will apply for PPiP which will provide potential developers with certainty about the principle of the proposed development in terms of land use, location and amount of development without having to secure full planning permission. This has value to the potential purchaser in terms of saving time and providing certainty in terms of housing density and hence value.

11. Officers are currently in the process of appointing a qualified residential property development agent to manage the sale of the land on behalf of the Council. The agent will act for the Council in marketing the site and conducting the subsequent sale negotiations and will be assisted by Ironside Farrar in assessing purchaser's bids. In addition, the agent will provide advice regarding housing type and development density to Ironside Farrar as part of the planning exercise.

12. Although the Barrhead South site may appear to be a green field which is ready and suitable for development it does in fact have a number of constraints to development that require to be assessed and considered in developing the masterplan and applying for PPiP. The constraints include the following;

- Steep slopes will require alteration/platforming to enable development

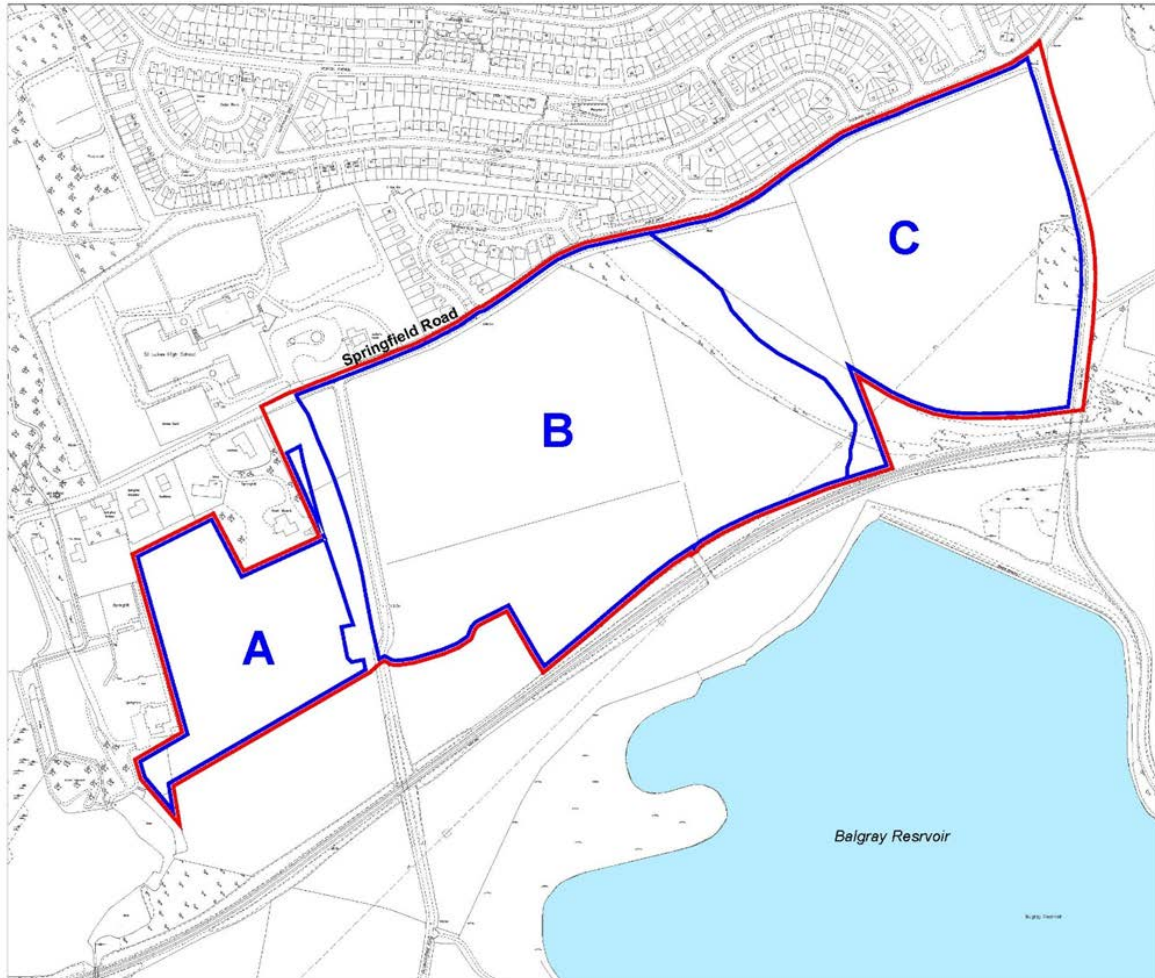
- Deposited and unconsolidated material both at the former railway lines which cross the site and at the area adjacent to the Amlaird water pipeline
- Undevelopable exclusion area under the overhead electricity pylons crossing the site
- Undevelopable area adjacent to the Amlaird pipeline crossing the site
- Potential flooding zone from the Balgray reservoir
- Undevelopable areas to accommodate the existing established path network
- Additional costs associated with shallow rock and the potential for additional foundation costs due to the presence of rock and shallow coal seams
- Environmental constraints such as habitat, bats or contamination
- Utility supply and drainage constraints such as the requirement to increase network capacity or down-stream processing or access to surface water drainage.

13. In addition to the above constraints, the legal title currently appears to allow access to Aurs Burn for disposal of surface water. However, the actual location of the running stream, as opposed to the wetland area, of the burn is difficult to establish and it is required to measure this on site to confirm it is possible to satisfy Scottish Water's requirements for a headwall at the burn entrance. If this isn't possible, alternative arrangements would need to be considered and this may include entering into discussions with adjoining proprietors.

14. All of the above constraints will have a potential impact on the capital receipt to the Council. However, the consultants, supported by the supplementary technical information, masterplan and PPIp will be able to extract best value from potential purchasers.

15. The determination of PPIp is expected in May 2021 and although it will recognise the constraints evident within the site each potential purchaser has the option to develop their own response to the constraints and vary elements of the Ironside Farrar layout when applying for detailed planning approval. This may impact upon their view of costs and consequently the price offered.

16. Due to the size of the site and the topography of the land, the site has been split into three, namely areas 'A', 'B' and 'C' as indicated on the plan below, for identification purposes only at this stage (see comments below). It is considered that the site may be sold in several parcels, dependent upon market demand. It is intended the development agent provides the Council with a market commentary along with their recommended marketing proposals.



17. Parcel 'A' is also where ERC's affordable housing development will be. This may accommodate around 60 additional units. It is currently the intention to take this area 'A' to the market first, in advance of Parcels 'B' and 'C' with the intention of securing an early disposal to provide funds for the Council's HRA programme (in particular Council house building). This early marketing is considered to be appropriate in order to focus development in this area to complement the imminent development of the affordable housing on parcel 'A'

18. Subject to proposals for the marketing of the site from the development agents it is anticipated that bidders will be encouraged to submit their best price for the site on the following basis;

- Confirmation that they have accounted for all abnormal costs, or if not clearly highlighting what abnormal costs the price is conditional upon;
- Confirmation they can meet the development timeframe set out by the Council from submission of planning to payment for the land;
- Provide details of proposed payment mechanism, including timing of deposits on conclusion of missives; and
- Proposed development layout including accommodation schedules.

FINANCE AND EFFICIENCY

19. The receipt that the Council will receive for the land is dependent on the housing sector's appetite for land which in turn is dependent on a number of economic variables. Economically these are unprecedented times and as such there is considerable uncertainty around the eventual receipt. The residential development agent will be paid a fee based on the eventual receipt.

CONSULTATION

20. A consultation exercise will be undertaken with council tenants as part of the sale process. Colleagues from Planning Services have been consulted in the preparation of this report.

PARTNERSHIP WORKING

21. Planning Services will require to engage with Ironside Farrar and progress the planning Permission in Principle application.

22. Legal Services we will be working to create a title pack to assist marketing and will be working to produce this in the short term to assist the selling agent in understanding any title constraints that might affect the sale.

IMPLICATIONS OF THE PROPOSALS

23. There are not any implications with this proposal in relation to staffing, property, legal, IT, State Aid, equalities and sustainability other than the ones already identified.

CONCLUSIONS

24. East Renfrewshire Council has a piece of land at Barrhead South held on the Housing Revenue Account that it is felt appropriate to sell for private housing in order that a capital receipt can be raised this permitting the subsidy of council housing building on the Eastwood side of the authority. The paper outlines the proposed process of the sale designed to secure the maximum receipt for the Council.

RECOMMENDATIONS

25. It is recommended that Cabinet:

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Director of Environment

Further information can be obtained from: Phil Daws, Head of Environment (Strategic Services) on 0141 577 3186 or Phil.Daws@eastrenfrewshire.gov.uk

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