

Chichester District Council

CABINET

2 June 2015

Land at Church Road, Chichester

1. Contacts

Cabinet Member:

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2. Recommendation

- 2.1. **That Cabinet considers the Council's position as landowner with regards to the level of affordable housing and, as a result of the outcome of that consideration, selects either the company referred to in paragraph 6.3 or the company referred to in paragraph 6.4 below as preferred bidder.**
- 2.2. **That the Head of Commercial Services be authorised to undertake further negotiations with the selected preferred bidder and to conclude a sale of the land.**
- 2.3. **Should the sale to the selected preferred bidder not complete, the Head of Commercial Services be authorised, following consultation with the Executive Director, to conclude a sale to another bidder at a sale price and conditions that reflect the Council's preference in terms of affordable housing percentage, of not less than the figure stated in Appendix 2 (exempt) as the acceptable minimum sale price.**

3. Background

- 3.1. The site, shown at Appendix 1, is located to the south of Westhamptnett Road and north of Chichester Cemetery; the site was included in the approved disposals programme in April 2000 and more specifically the Executive Board on 11 November 2003 agreed the disposal.
- 3.2. On 8 July 2010 outline planning permission was granted for the development of the site with 80 residential units accessed off of a new roundabout to be constructed at the junction of Church Road with Westhamptnett Road. The permission includes 40 market demand houses and 40 affordable units. The requirement for 50% affordable housing was placed as a planning obligation following discussions with Housing officers who expressed a requirement for that particular level.

- 3.3. Prior to marketing the site for sale, there have been a number of matters requiring clarification and resolution in order that those bidding for the site can be assured that the land is without outstanding issues. These matters have taken some length of time to resolve resulting in a delay in bringing the site to the market.
- 3.4. The outline permission expires on 7 July 2015 and is conditional upon reserved matters being approved. An application to extend the planning permission was made in July 2014 and subsequently withdrawn.
- 3.5. At its meeting on 11th February 2015, Cabinet resolved that options (a) resubmit the Extension of Time application to the Planning Committee and (c) Market the site now with the benefit of the remaining life of the outline permission incorporating and (e) Pursue an off the market disposal, as detailed in paragraph 6.1 of that report, be proceeded with.
- 3.6. A further application for an extension of time is being prepared for submission prior to the expiry of the extant permission.
- 3.7. Marketing of the site has taken place with the site being advertised on the Council's website and in the Estates Gazette (Journal and website); the closing date for receipt of offers was Friday 15th May. The marketing details specified that offers could be submitted conditional upon a new planning permission being granted, such planning permission to meet the level of affordable housing as provided for in the current outline planning permission.

4. Outcomes to be achieved

- 4.1. The Council is seeking to achieve the successful disposal of this Council owned land for appropriate development, through the delivery of much needed market and affordable housing or other social and community benefit.
- 4.2. Any capital receipt achieved will replenish the Council's capital budget. It was anticipated this would be a popular opportunity for developers looking for a residential development site and more than 40 sets of marketing details were issued.

5. Bids Received

- 5.1. A schedule of the bids received is attached at Appendix 2 (exempt), including key information on affordable housing and planning; clarification is currently being sought on a number of the bids and an update will be provided at the Cabinet meeting.

6. Points for Consideration and Proposal

- 6.1. Of the bids received, the highest financial offers are conditional on a new planning permission with 30% affordable housing. Cabinet is asked to consider whether a reduction in the level of affordable housing for this site

could be supported, taking into account the difference in offers made on that basis.

- 6.2. Cabinet is further requested to consider the position with regards to planning permission, noting the financial implications of the alternatives.
- 6.3. Should Cabinet consider that a potential reduction in affordable housing on this site could be appropriate together with a new planning application submitted by the purchaser, it is recommended that the Council select the bidder as highlighted as 'Option A' in Appendix 2 (exempt).
- 6.4. Should Cabinet consider that the affordable housing provision on this site should remain at 50%, it is recommended that the Council select the bidder as highlighted as 'Option B' in Appendix 2 (exempt). That offer will require the submission of a new planning application by the bidder.

7. Alternatives that have been considered

- 7.1. Members are invited to comment on the attractiveness or otherwise of the bids received. Cabinet at their meeting on 11 February 2015 were also given the opportunity to pursue different courses of action and these tenders are the result of pursuing their chosen alternative.

8. Resource and legal implications

- 8.1. The impact on the projected capital receipt is set out in Appendix 2 (exempt).
- 8.2. Due to its complexities, the legal work associated with this disposal is being undertaken by an external solicitor, the cost of which will be an allowance against the costs of sale.

9. Consultation

- 9.1. External consultation on the development of the site was facilitated through the planning application process.
- 9.2. Members have been consulted on the general proposals for this area via previous reports to the Executive Board and Cabinet. Planning officers have been consulted as part of the previous planning extension process.
- 9.3. Housing officers have been involved in considering the bids received and note that some of the bids are based on the current planning permission that would deliver 50% as affordable homes, which reflects the high housing need in Chichester City and the council's commitment to the delivery of affordable housing.
- 9.4. It is the opinion of Housing officers that if an offer based on 30% were accepted the full cost of delivering the additional houses elsewhere could be in excess of the additional receipts received, and that those offers

would involve a new planning application being submitted, which will result in considerable delays in the delivery of the housing units.

- 9.5. Using an average of the current commuted sum figures, the cost of providing the additional affordable housing units that would be lost from this scheme if a 30% affordable housing level was agreed is shown at Appendix 2 (exempt).

10. Community impact and corporate risks

- 10.1. None of the bids received are on an unconditional basis, which is not unusual for this type of disposal. There is a general risk that the proposals in paragraph 6 do not result in a completed sale due to changes in market conditions.
- 10.2. There is a specific risk relating to planning permission, firstly in respect of a further extension of time application for the current planning permission which carries a risk of refusal; secondly, a new application made by the selected purchaser also carries the risk of refusal or protracted appeal proceedings that could delay the capital receipt for a lengthy period of time or result in the sale being frustrated and not completing.
- 10.3. Should the Council not submit a further extension of time application and a sale cannot be completed in accordance with the recommendations of this report, it should be noted that the existing planning permission will expire and further marketing of the land would therefore be on the basis of no current planning permission, unless a new application were to be submitted by the Council.

11. Other Implications

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| Crime & Disorder: | No |
| Climate Change: | No |
| Human Rights and Equality Impact: | No |
| Safeguarding: | No |

12. Appendices

- 12.1. Appendix 1 – Location plan.
- 12.2. Appendix 2 – List of Offers received and impact on projected capital receipt (exempt).