

Report

Report to:	Housing and Technical Resources Committee
Date of Meeting:	7 March 2018
Report by:	Executive Director (Housing and Technical Resources)

Subject:	Disposal of Land at Highstonehall Road, Hamilton
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide an update on the proposal for the disposal of land at Highstonehall Road, Hamilton to Miller Homes Limited and Avant Homes Limited

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the site at Highstonehall Road, Hamilton extending to 25.5 hectares (63 acres) or thereby be disposed of to Miller Homes Limited and Avant Homes Limited in such proportions as are to be agreed prior to the conclusion of a contract for a total price of £5,662,500 and in terms of the principal conditions contained in Section 5 of this report; and
- (2) that the Executive Director (Housing and Technical Resources), in consultation with the Head of Administration and Legal Services, be authorised to conclude all other matters pertaining to the disposal of the site and to enter into the necessary legal agreements on terms which are in the best interests of the Council.

3. Background

- 3.1. The Housing and Technical Resources Committee at its meeting on 18 May 2016 approved the terms of a revised option agreement and subsequent disposal of the site at Highstonehall Road, Hamilton, to Miller Homes and Bett Homes (now trading as Avant Homes) on the basis of a purchase price to be agreed between the parties and ratified by the District Valuer Services (DVS).
- 3.2. The proposed purchase price of £5,662,500 has been calculated taking into account deductions for:-
- ◆ developer's contribution in conjunction with the Section 75 agreement in relation to the wider Hamilton Community Growth Area
 - ◆ abnormal development costs, identified by the developers following detailed site investigations and checked by the Council
 - ◆ Miller Homes Limited receiving 15% discount to the price of the portion of the site that they are acquiring to reflect their current ownership of the site access
- 3.3. The Section 75 agreement covering the wider Hamilton Community Growth Area has now been finalised and signed and requires a contribution of £10,665 per residential unit, which equates to £4,262,000 for the subjects.

- 3.4. As the detailed site investigations have now been completed, the abnormal costs calculated in relation to the development of the site are £10,396,000. These comprise of Joint Venture costs which will be incurred by both developers and relate to elements such as the site preparation, provision of infrastructure, provision of services and site specific ground remediation costs, which are greater than initially anticipated. The report, together with the calculation of costs, have been reviewed and verified by the Council's technical team as being reasonable.

4. Scrutiny

- 4.1. The principal reason for the scale of the abnormal costs, is the topography of the site and the requirement for significant cut and fill groundworks. The detailed site investigation report was scrutinised by the Council's geotechnical engineer, who has confirmed that, based on the development of the whole site, the approach proposed by the developers' consultants is considered reasonable.
- 4.2. Additionally, discussions were undertaken with Planning and Economic Development regarding any assistance City Deal funding could provide to the Community Growth Area, which may have a direct impact on the viability/deliverability of the proposed development. Off-site road upgrades, with associated works and site preparation of the Council's affordable housing area have been identified as potential areas for support and have been included in the current City Deal bid, subject to City Deal Cabinet Approval.
- 4.3. Following extensive negotiations, a revised value of £6,000,000 has been produced. This requires to be discounted by £338,500 due to Miller's portion for their right of access, providing a net figure to the Council of £5,662,500. This figure is conditional upon the roads and social housing site preparation being funded by City Deal and a roads contract being awarded.
- 4.4. It is also proposed to replace the option agreement with a direct sale and, instead of the initial 6 development phases, the whole site would be prepared for development and serviced in a single phase, bringing forward the Capital Receipt and release of the social housing site.
- 4.5. The DVS was provided with the outcome of the above scrutiny and negotiations and asked to provide advice on the acceptability of the revised terms and alternative options and has advised that it is prudent for the Council to pursue disposal on the basis of the developer's current offer of £5,662,500. The DVS advised that it is unlikely that the Council could achieve a better offer given the complex topography and ownership of the site.

5. Proposal

- 5.1. It is therefore proposed to dispose of the site at Highstonehall Road, Hamilton, extending to 25.5 hectares (63 acres) or thereby, as shown on the attached indicative plan, to Miller Homes Limited and Avant Homes Limited (or assignees or nominees), in such proportions as are to be agreed prior to the conclusion of a contract, subject to the following principal conditions:-
1. The final purchase price shall be £5,662,500, exclusive of VAT. The price shall be apportioned between Miller Homes and Avant Homes, prior to conclusion of missives, based on the relative percentage of the site acquired.
 2. The purchasers will meet the Council's reasonably incurred legal fees in connection with the transaction.
 3. The sale will be suspensive on the Council entering into a contract for the off-site road upgrades, with associated works and site preparation of the Council's affordable housing area.

4. Miller Homes Limited will be required to enter an agreement to provide access over land in their ownership for the required road improvements to be made.

6. Employee Implications

- 6.1. There are no employee implications.

7. Financial Implications

- 7.1. Disposal of the site will generate a receipt of £5,662,500 to be split equally between the Council's General Services Account and the Housing Revenue Account.

8. Other Implications

- 8.1. The Council's Local Plan identifies the land as suitable for housing. Not proceeding with this proposal would have implications for the supply of land for housing within the Hamilton Community Growth Area and the Council's Strategic Housing Investment Plan. Should the sale not proceed, the capital receipt would not be available for the Council's General Services and Housing Revenue Accounts.
- 8.2. Should the sale not proceed, the Council will not receive the £4,262,000 agreed as part of the Section 75 agreement, as the developer's contribution for additional infrastructure.
- 8.3. There is also a risk that, if the Council do not proceed with the transaction, the land in the Council's ownership would be landlocked by a third party interest, which would be a major obstacle to future disposal or development of the site.
- 8.4. There are no issues in terms of sustainability contained within this report.

9. Equality Impact Assessment and Consultation Arrangements

- 9.1. All necessary consultations with Planning, Roads and Legal Services have taken place and the proposed proposal is compliant with planning policy. External Counsel and District Valuer Opinion have been sought.
- 9.2. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore no impact assessment is required.

Daniel Lowe

Executive Director (Housing and Technical Resources)

1 February 2018

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, effective, efficient and transparent
- ◆ Improve the availability, quality and access of housing

Previous References

- ◆ Executive Committee 21 March 2007
- ◆ Estates Committee 12 July 2011
- ◆ Housing and Technical Resources Committee 18 May 2016

List of Background Papers

◆ None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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LOCATION PLAN - For Committee Purposes Only
Land at Highstonehall Road
Hamilton



PROPERTY SERVICES

