



Belfast City Council

Report to:	Strategic Policy & Resources Committee
Subject:	Disposal of land at Colin Glen to Clanmil Housing Association
Date:	24 January 2014
Reporting Officer:	Gerry Millar, Director of Property & Projects, Ext. 6217
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1	Relevant Background Information
1.1	At its meeting of 22 nd March 2013 the Strategic Policy & Resources Committee agreed to the disposal of land at Colin Glen to Clanmil Housing Association subject to a premium of £1,100,000; Members also agreed to withdraw this offer should Clanmil seek to condition the agreement beyond the usual contract terms.
1.2	As far back at its meeting of 21 st September 2007 the Strategic Policy & Resources Committee had agreed in principle to dispose of this land to Clanmil, having being nominated by NIHE as the social housing provided for this site, at a price to be approved by LPS with a further report being brought back to Committee.
1.3	Clanmil's unacceptably low valuation of £50,000 had made it impossible to reach agreement on an appropriate premium for the land and following a protracted period of negotiation Clanmil undertook to accept a transfer value as assessed by Land & Property Services (LPS) as a means of settling the valuation issue. LPS subsequently provided a written report and valuation at £1,100,000 in October 2012 – Clanmil were provided with a copy of the full report.
1.4	Despite Clanmil having agreed to the role of LPS in this matter and thereafter confirming acceptance of their assessment of £1,100,000 they have refused to complete this transfer citing the unacceptable quality of the LPS report (not full RICS Red Book standard) claiming this to be a DSD requirement and which would also impact the public accountability and probity of Clanmil in this transfer.
1.5	Based on the Committee's decision to withdraw the offer following Clanmil's

	<p>failure to accept the agreed valuation Council Officers have asked the Housing Executive and DSD to consider appointing a new housing association but this has not occurred. Meanwhile Clanmil have continued to lobby Members for a sale on terms acceptable to them.</p>
1.6	<p>Following a meeting with Clanmil and the Council's Chief Executive in November 2013 we agreed to seek Members' views on requesting LPS to undertake a further valuation of this site that would satisfy the standard that Clanmil require – fully compliant RICS Red Book valuation report that fully addresses impact on value of any perceived site development abnormalities.</p>
1.7	<p>The RICS Red Book valuation standard is only to satisfy Clanmil who have now taken 7 years to get to this point. It is not a requirement of DSD in terms of sit disposals for housing and the Council has never had this issue with any other housing association. In order to protect the Council's position Officers would suggest that the Council caveat that any valuation must be equal to or better than the current £1.1m for the site which is the entirely reasonable in a rising housing market. Furthermore Clanmil have stated on a number of occasions and also put in writing they are prepared to pay the £1.1m.</p>

2	Key Issues
2.1	<p>Despite seeking to base the value of this site on 44 units Clanmil have now secured full planning consent for their proposed scheme of 67 social housing units which had formed the basis of the LPS assessment. However, Clanmil feel that there are a number of development abnormalities that also affect the site which LPS had failed to reflect in their assessment of £1,100,000. In instructing LPS a full list of these perceived abnormalities and associated costs had been provided. LPS deal with land transfer assessments involving housing associations on a regular basis and have now provided a further update report to the Council detailing how perceived abnormalities are treated in such assessments.</p>
2.2	<p>Challenge of the LPS valuation report by Clanmil, despite agreeing to be bound by it, has introduced delays in completing this transfer for over a year. This means that this original assessment no longer meets a key DSD requirement which is to have any such valuation made within 12mths of date of completing a transfer – the LPS report and valuation was dated October 2012 and has therefore expired. This means in effect that irrespective of Clanmil's request for a new valuation the DSD guidance requires that new assessment is undertaken.</p>
2.3	<p>Whilst DSD guidance requires a further update assessment in this case they do not require a fully compliant Red Book valuation report as now sought by Clanmil. The DSD guidance states that any valuation provided by LPS carries the "approval of DSD" Correspondence from DSD confirms their desire to have this transfer completed without delay, this view has also been verbally endorsed by NIHE who fully support the provision of social housing at this location.</p>
2.4	<p>Council officers have continued to facilitate the timely completion of this transfer to Clanmil in providing the required title and issued the draft Contract for Sale. However, Clanmil's solicitors have failed to engage in order to progress the necessary legal work without instruction as to the agreed premium – this legal work could proceed in the absence of an agreed premium and would facilitate an immediate transfer following completion of any further LPS report without any</p>

	further delay.
2.5	Should Members agree to a further valuation LPS would be instructed to undertake a fully compliant RICS Red Book valuation report that fully accounts for any site development abnormalities as identified by Clanmil. Whilst LPS have indicated that the originally reported premium of £1,100,000 would remain unchanged there can be no guarantee until completion of the new valuation report.
2.6	Members will be aware of the requirement of Section 95(5) of the Local Government Act (NNI) 1972 which obliges the Council to achieve the best price reasonably obtainable for the sale of land. Given that the land was valued for housing purposes at £1.1m in October 2012 Council should bear this value in mind in any subsequent transaction.

3	Resource Implications
3.1	<p><u>Financial</u></p> <p>The sale of these lands could result in a capital return to the Council of £1,100, 000 which could be directed to the Councils Investment Programme or other priorities. However, there is no guarantee that this premium will remain unaltered</p>
3.2	<p><u>Human Resources</u></p> <p>Staff resource in Estates & Legal Services to progress.</p>
3.3	<p><u>Asset and Other Implications</u></p> <p>Disposal of this land to provide 67 social housing units should lead to improved social, economic and regeneration benefits for the area, as well as providing a capital return for the Council.</p>

4	Equality and Good Relations Implications
4.1	There are no equality implications to this proposal

5	Recommendations
5.1	It is recommended that the Committee agrees to the Clanmil request and instruct LPS to undertake a further fully compliant RICS Red Book valuation report for this site and complete a transfer to Clanmil at a premium equal to or greater than that previously reported to Committee at £1,100,000. Should the valuation assessment reduce below £1,100,000 it is recommended that the Committee withdraws the offer to sell this land to Clanmil.

6	Decision Tracking
Director of Property & Projects to instruct LPS to undertake a further valuation report and that this disposal is completed within 3 months of this Council decision.	

7	Key to Abbreviations
LPS – Land & Property Services NIHE – Northern Ireland Housing Executive RICS – Royal Institution of Chartered Surveyors DSD – Department for Social Development	

8	Documents Attached
None	