



Glasgow City Council

Contracts and Property Committee

Report by Director of Property and Land Services

Contact: Ian Robertson Ext: 76000

Item 2

4th February 2021

PROPOSED OFF-MARKET DISPOSAL OF LAND AT LILY STREET/CONNAL STREET, GLASGOW, G40 3HE TO THENUE HOUSING ASSOCIATION LIMITED

Purpose of Report:

To seek Committee approval for the proposed off-market disposal of land at Lily Street/Connal Street, Glasgow, G40 3HE to Thenue Housing Association Limited.

Recommendations:

That Committee:

1. notes the content of this report;
2. approves the proposed off-market disposal of land at Lily Street/Connal Street, Glasgow, G40 3HE to Thenue Housing Association Limited; and
3. authorises the Director of Property and Land Services in consultation with the Director of Governance and Solicitor to the Council to progress.

Ward No: 9 – Calton

Citywide:

Local member(s) advised: Yes No consulted: Yes No

PLEASE NOTE THE FOLLOWING:

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Report to: Contracts & Property Committee

From: Managing Director of City Property (Glasgow) LLP

Date: 4 February 2021

Subject: Proposed off-market disposal of land at Lily Street/Connal Street, Glasgow, G40 3HE to Thenue Housing Association Limited

1. Description

- 1.1. The subject is currently vacant land following the demolition of the former Dalmarnock Community Centre in 2014. The land shown outlined black and hatched on the attached plan is currently unmaintained and extends to 0.83 hectares (2.06 acres) or thereby.
- 1.2. The site is bound to the north and east by Connal Street and Lily Street, both adopted single carriageway residential streets. The site is bound to the south by Springfield Road, a single carriageway and to the west by a car park.
- 1.3. The site is located in close proximity to Dalmarnock Train Station.

2. Planning

- 2.1. Glasgow City Development Plan was adopted on 29 March 2017. The new local development plan replaces Glasgow City Plan 2 (2009) and sets out the Council's land use strategy providing the basis for assessing planning applications – [Link to City Development Plan](#). The City Development Plan does not identify land use zones to direct particular types of development. Instead, overarching policies CPD1 Placemaking and CDP 2 Sustainable Spatial Strategy encourage development to be informed by a placed base approach, which means new development should be responsive to its context.
- 2.2. The subject land is included in a larger land parcel on the Housing Land Supply list which forms part of the Glasgow City Development Plan. [Link to Housing Supply List](#)

3. Background

- 3.1. Thenue Housing Association Limited have been interested in the subject land for a number of years, carrying out site investigations to assess the feasibility in December 2017.
- 3.2. Development and Regeneration Services, Housing Services first instructed City Property (Glasgow) LLP in August 2018. City Property (Glasgow) LLP were not in a position to accept the instruction at this time as they had been instructed to

market a neighbouring site on behalf of Glasgow City Council which had boundary issues, which had to be resolved.

- 3.3. Once the boundary issues were resolved and the neighbouring site was advertised for sale, Development and Regeneration Services, Housing Services reinstructed City Property (Glasgow) LLP to negotiate the off-market disposal of the subject land to Thenue Housing Association Limited in December 2019.
- 3.4. The City Administration Committee, at its meeting on 13 June 2019 (see - [Nominated disposal.docx](#)), approved the nominated disposal of 23 sites to Registered Social Landlords, with City Property (Glasgow) LLP negotiating the disposal of the sites. The subject forms part of the Transport Mall site referred to in the aforementioned report, approval was granted to allow City Property (Glasgow) LLP to commence negotiations with Thenue Housing Association Limited.
- 3.5. At its meeting on 10 October 2019, the City Administration Committee approved a policy for off-market disposals (see link [Report Details](#)). It is considered that the proposed disposal is compliant with 3.1.5 of the policy 'disposal to Registered Social Landlords in Support of the Council's strategic housing objectives'.
- 3.6. The subject was formally declared surplus to the Council's operational requirements on 21 February 2020 following the procedural non-operational process with no notes of interest being received.
- 3.7. Thenue Housing Association Limited submitted abnormal costs of £766,924, along with a supporting site investigation report. Glasgow City Council's Geotechnical Engineers approved costs of £379,860. Following discussions with Thenue Housing Association Limited's appointed surveyor it was agreed that the deduction of the approved abnormal costs would result in a de-minimis figure. A de-minimis figure of £3,000 per unit was negotiated, which is in line with comparable de-minimis land sales.
- 3.8. The land is not included in the Council's Log of Opted to Tax Property.
- 3.9. Thenue Housing Association Limited propose to develop the land shown hatched black on the attached plan for 45 residential units for social rent. The unit mix comprises thirty flats and fifteen terraced houses with a range of 2 – 4 bedrooms.
- 3.10. It is considered that the subjects do not form part of the Council's Common Good.

4. Purchaser

- 4.1. Thenue Housing Association Limited ('the Purchaser')

5. Terms and Conditions

- 5.1. The subject comprises the land shown outlined and hatched black on the attached plan, extending to 0.83 hectares (2.06 acres) or thereby. The attached plan is for indicative purposes only.
- 5.2. The purchase price shall be ONE HUNDRED AND THIRTY FIVE THOUSAND POUNDS STERLING (£135,000), exclusive of Value Added Tax, if applicable. The purchase price is to be paid on the Date of Entry and is based on the proposal for a 45 unit scheme.
- 5.3. A Date of Entry shall be agreed between parties.
- 5.4. The subject, outlined and hatched black on the attached plan, shall be used solely for accommodating a residential development of 45 units and for no other use whatsoever without the prior written consent from the Seller which shall be granted at their absolute discretion.
- 5.5. The Purchaser shall be responsible for the Seller's reasonable legal expenses in connection with this transaction, together with City Property's fee of £1,500, plus Value Added Tax.
- 5.6. The Purchaser will not be entitled to assign in whole or in part its rights under the contract of sale without the Seller's consent which shall be granted at its absolute discretion.
- 5.7. All third party determination in the contract of sale shall be by an independent expert and not by way of arbitration
- 5.8. In the event that the Purchaser instructs ground investigation works, site surveys, habitat surveys, EIA surveys or any other such survey or report, prior to the date of entry then the costs of such works/surveys shall be borne by the Purchaser. For the avoidance of doubt the seller shall not reimburse the purchaser for any such costs whatsoever whether the sale completes or not.
- 5.9. In the event that the Purchaser disposes the subjects prior to the commencement of proposed development to the subjects then the Purchaser shall pay to the Seller 100% of all sales proceeds in excess of ONE HUNDRED AND THIRTY FIVE THOUSAND POUNDS STERLING (£135,000) subject to all reasonable marketing costs incurred by the Purchaser during the sale process. For the avoidance of doubt, development costs of ONE MILLION POUNDS STERLING (£1,000,000) shall constitute commencement of development.
- 5.10. It is agreed that the Purchaser shall pay to the Seller 100% of any uplift in the market value of the subjects less any costs incurred in the event that planning consent for a more valuable land use is gained.
- 5.11. The Purchaser will pay Planning Overage of £3,000 per unit for each additional unit above 45 units, for which planning is obtained. Any Planning Overage shall be paid within 14 days of Planning Permission being granted.

5.12. The Director of Property and Land Services, in consultation with the Director of Governance and Solicitor to the Council shall be authorised to conclude all other matters pertaining to the disposal of the subjects and to enter into the necessary legal agreements on terms which are in the best interest of the Council.

6. Policy and Resource Implications

Resource Implications:

<i>Financial:</i>	The disposal of land, if approved shall generate a capital receipt for the Council.
<i>Legal:</i>	If authority is granted, Legal Services shall be required to conclude the disposal.
<i>Personnel:</i>	No direct personnel Implications.
<i>Procurement:</i>	No direct procurement Implications.

Council Strategic Plan:	Theme: Resilient and Empowered Neighbourhoods Outcome: Glasgow's housing meets the need of its growing and diverse population. Priority 81: Support registered social landlords and the private sector to provide 15,000 new homes across the city, maximising delivery of homes for social rent, promoting use of the city's vacant and derelict land, bringing empty homes back into use, encouraging city centre living and creating opportunities for self-build. Bringing the city's vacant and derelict land back in to productive use is a key opportunity for inclusive growth that the council wants to encourage.
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Equality and Socio-Economic Impacts:

<i>Does the proposal support the Council's Equality Outcomes 2017-22</i>	No specific equality related outcome.
<i>What are the potential equality</i>	No equality impacts identified.

impacts as a result of this report?

Please highlight if the policy/proposal will help address socio economic disadvantage.

The proposal has no impact on socio economic disadvantage.

Sustainability Impacts:

Environmental:

The proposed disposal will regenerate a vacant site.

Social, including opportunities under Article 20 of the European Public Procurement Directive

Job creation will occur during the construction phase.

Economic:

The proposed development will deliver housing to help meet the demand in the local area.

Common Good:

The Subjects are not considered to form part of the Council's common good.

The subjects comprise parts of 6 separate titles. All of these were acquired by the Council's statutory successors, five prior to 1975 and one after 1975. For property to form part of the common good it requires to have been within the ownership of a burgh. Burghs were abolished as at 16 May 1975 in terms of section 1 of The Local Government (Scotland) Act 1973.

Three of the titles were acquired by The Trustees of the School Board of the Burgh of Glasgow. These were acquired using statutory powers for education purposes. Subjects acquired using statutory powers are not common good. Two of the titles were acquired by the Corporation of the City of Glasgow, again using statutory powers, by compulsory purchase order, and as such they do not form part of the council's common good. The final title was acquired by Strathclyde Regional Council in 1982. As it was acquired after 1975, it cannot form part of the council's common good.

In addition to this, none of the titles are on the list of common good assets. There are no conditions in the titles that would suggest that those parts were being acquired to be held as part of the

common good. There are no other relevant factors to suggest that they would form part of the common good of the Council.

**Privacy and Data
Protection impacts:**

No Privacy and Data Protection impacts identified.

7. Recommendations

That Committee:

- 7.1. notes the content of this report;
- 7.2. approves the proposed off-market disposal of land at Lily Street/Connal Street, Glasgow, G40 3HE to Thenue Housing Association Limited; and
- 7.3. authorises the Director of Property and Land Services in consultation with the Director of Governance and Solicitor to the Council to progress.

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