

<b>Report of:</b>	Executive Member for Regeneration Director of Regeneration
<b>Submitted to:</b>	Executive
<b>Date:</b>	23 August 2023
<b>Title:</b>	Hemlington North – Disposal
<b>Report for:</b>	Decision
<b>Status:</b>	Public
<b>Strategic priority:</b>	Physical environment
<b>Key decision:</b>	Yes
<b>Why:</b>	Decision(s) will incur expenditure or savings above £150,000
<b>Urgent:</b>	No
<b>Why:</b>	Not Applicable

**Executive summary**

The report is about the disposal of Hemlington North, which is allocated in the Housing Local Plan (2014) and has been marketed for sale as affordable housing in accordance with the Council's Asset Disposal Process. The Executive are asked to accept an offer of £300,000 from North Star Housing Group.

The disposal of the parcel of land is recommended in order to meet the Council's requirements to generate capital receipts, increase annually recurring revenue streams and provide more affordable housing. As the value of the subject site exceeds £150,000, it is a key decision.

There are significant implications of any options that involve the Council not disposing of this site for affordable housing development. The overall integrity of the 2014 Local Plan depends upon the land supply identified within it being made available, and the Council would be open to significant challenge if it were seen to constrain land supply.

## **Purpose**

1. To seek Executive approval to dispose of the Council's freehold interest in Hemlington North for affordable housing development in accordance with the Council's Asset Disposal Process.

## **Background & relevant information**

2. There is strong continued demand for new homes in Middlesbrough and as such the town requires a significant supply of new housing development over the next decade.
3. Middlesbrough's population has grown in recent years, as the number of new developments has increased, and the wider housing offer has started to improve. Despite Middlesbrough's modest growth the housing offer in the town lacks key types of products that would allow the area to keep pace with national demographic trends.
4. There is significant demand for additional affordable housing products within Middlesbrough's housing offer and this site offers an important opportunity for more affordable housing provision.
5. The development of new housing is a key component of the Council being able to set a sustainable budget, as the capital receipts from housing sites, along with the subsequent Council Tax are the key components of the Medium-Term Financial Plan.
6. Hemlington North measures approximately 1.77 Acres [0.71 Hectares] and is close to current developments by several commercial housebuilders forming part of the Hemlington Grange urban extension.
7. The site was marketed using appropriate property development websites, an article in a local newspaper and the Council's own website/social media channels for two months. Two bids were received by the closing date of 5<sup>th</sup> May 2023.
8. Two bids were received at the same value, although based on significantly different assumptions. One bid was based on delivering just 20 units of housing, and included conditions that could potentially reduce the Council's return, whilst the bid from North Star Housing Group was based on 35 units of affordable housing (subject to planning permission) and provided greater financial certainty.
9. In assessing the bids further the 20 unit scheme was ultimately deemed non compliant due to the format of the bid, leaving the bid from North Star Housing Group as the preferred choice. As a result, the bid from North Star Housing Group is recommended for approval.
10. The site is located in Stainton and Thornton Ward and the relevant Ward Councillor has been consulted.
11. An Asset Disposal Business Case confirming the status of the subject parcel of land as surplus to operational Council service requirements is attached to Part B of this report.

### **What decision(s) are being recommended?**

12. That Executive be asked to accept the bid of £300,000 from North Star Housing Group for the Council's freehold interest in Hemlington North so that the site can be developed for affordable housing.

### **Rationale for the recommended decision(s)**

13. Disposal as proposed would generate a significant capital receipt, increase annually recurring revenue streams, and increase the supply of affordable housing.

14. Disposal of the site supports delivery of the Council's Medium Term Financial Plan.

### **Other potential decision(s) and why these have not been recommended**

#### ***Re-use for operational purposes***

15. No Council operational service requirement has been identified.

#### ***Other uses***

16. The land is allocated for affordable housing and therefore an alternative use is not proposed.

#### ***Do nothing***

17. Whilst the land would be retained for potential Council use in the future, the liability and responsibility for maintaining the land would remain with the Council in the interim.

### **Impact(s) of the recommended decision(s)**

#### ***Legal***

18. No specific Legal issues have been created as a result of the proposal to dispose of the land.

19. The land would be disposed of freehold with vacant possession in accordance with standing financial orders and asset disposal protocol.

#### ***Strategic priorities and risks***

20. The proposal does not require any change to the Council's existing policy framework.

21. The proposal to dispose of the property aligns with strategic objectives and contributes positively towards the vision for Middlesbrough.

#### ***Human rights, equality and data protection***

22. There will be no negative, differential impact on protected groups and communities.

23. A Level 1 (Initial Screening) Impact Assessment (IA) accompanies this report attached at Appendix 2. The impact assessment has identified that the proposal would have a

positive impact on the local community and does not represent any concern to equal rights, disability discrimination or the impingement of individual human rights.

24. The Council's development control planning process would also serve to ensure that any future use proposed would be appropriate for the local area

25. The proposed decision does not involve the collation and use of personal data.

### **Financial**

26. The Council would receive a capital receipt of £300,000 plus revenue fees of £10,500 without the need to incur any further marketing costs.

27. It is envisaged that the proposed development will be create a mix of Band B and Band C properties. Prudently assuming all the units will be at Band B the gross Council Tax increase would equate to £61,500 per annum upon completion of the development.

28. Assuming all units will be assessed as Band B properties the proposed development will also contribute to 2% of the net housing stock increase required in order to achieve New Homes Bonus payments, should this incentive continue.

29. The disposal of the subject property would remove the Council's liability for any future maintenance of the land, albeit these costs are minimal given the amount of maintenance the land currently requires.

### **Actions to be taken to implement the recommended decision(s)**

Action	Responsible Officer	Deadline
Subject to Executive approval, the Council moves to proceed with disposal of the property as detailed within Part B of this report.	Valuation & Estates Manager	September 2023

### **Appendices**

1	Site Plan
2	Impact Assessment Level 1 – Initial Screening Assessment

### **Background papers**

The following background papers were used in the preparation of this report:

Body	Report title	Date
Executive	Strategic Housing Site Disposals – Parts A & B	12 <sup>th</sup> July 2022

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