Item 8

6th October 2022

Glasgow City Council

Contracts and Property Committee

Report by Executive Director of Neighbourhoods, Regeneration and Sustainability

Contact: George Gillespie Ext: 79106

PROPOSED SALE OF SITES AT LILLYBURN PLACE AND KATEWELL AVENUE, DRUMCHAPEL G15 8EU TO CRUDEN HOMES (WEST) LIMITED.

Purpose of Report:

To seek Committee approval to amend the terms of the existing authority in respect of the sale of the sites at Lillyburn Place and Katewell Avenue, Drumchapel to Cruden Homes (West) Limited.

Recommendations:

That Committee

1. notes the content of this report;

2. approves the amendments to the previously approved terms and conditions provisionally agreed with Cruden Homes (West) Limited in respect of the sale of land at Lillyburn Place and Katewell Avenue; and

3. authorises the Executive Director of Neighbourhoods, Regeneration and Sustainability in consultation with the Director of Legal & Administration to progress the sale to Cruden Homes (West) Limited.

Ward No(s): 14 - Drumchapel / Anniesland Citywide:

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

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Report to: **Contracts and Property Committee**

From: **Managing Director of City Property (Glasgow) LLP**

Date: **06 October 2022**

Subject: **Proposed sale of sites at Lillyburn Place and Katewell Avenue, Drumchapel, Glasgow G15 8EU to Cruden Homes (West) Limited.**

1 Description

1.1 The subject sites are located within the north of Drumchapel, close to the boundary with West Dunbartonshire.

1.2 The Katewell Avenue site formerly housed Cleddans Primary School which was demolished in 1997 and extends to 2.59 hectares (6.40 acres) or thereby with a slope to the south and is shown edged in black and hatched on the attached plan.

1.3 The Lillyburn Place site comprises and area of cleared, flat ground which extends to 2.76 hectares (6.82 acres) or thereby and is largely rectangular in shape and is shown edged in black and cross-hatched on the attached plan.

2 Background

2.1 The Contracts & Property Committee at its meeting on 21 March 2019 first approved the phased sale of the sites at Lillyburn Place and Katewell Avenue in Drumchapel to Cruden Estates Limited, who are now known as Cruden Homes (West) Limited (Cruden Homes) following a name change and, at its meeting on 4 February 2021, approved subsequent changes which would have resulted in a single sale of both sites.

2.2 Cruden Homes had originally proposed to develop the two surplus sites over 4 phases to provide 123 private residential units for sale with associated car parking and landscaping, subject to planning permission being obtained. Their planning applications have been considered by the Planning Department and whilst they have a minded to grant permission in respect of the Katewell Avenue site for 48 units, as originally proposed, their application for 75 units on the site at Lillyburn Place has been unsuccessful.

2.3 The difficulty Cruden Homes has encountered in obtaining planning permission for the Lillyburn Place site stems from its site investigations and objections received to its planning application by Scottish Environmental Protection Agency (SEPA) and the Neighbourhoods Regeneration and Sustainability (NRS) Flood Team within Glasgow City Council (the Council). It has become apparent that much of the Lillybank Place site forms a flood plain for the adjacent Cleddans Burn (which forms the city boundary and the northern boundary of the site). Cruden Homes are currently in discussions with SEPA, the NRS Flood Team and the Planning Department to formulate a revised scheme of development which would address this flood risk. This will involve constructing less units on the Lillybank Place site to ensure that the flood plain remains undeveloped to the satisfaction of both SEPA and the NRS Flood Team.

2.4 Missives for this disposal transaction were originally concluded which would have allowed Cruden Homes to purchase both sites on receipt of a successful planning consent by May 2022.As they have not managed to obtain this, neither party is now bound to proceed with the disposal.

2.5 Cruden Homes have indicated that they would still proceed to purchase the Katewell Avenue site as soon as practicable. They still hope that a scheme of development which would be successful in dealing with the objections from SEPA and from the NRS Flood Team and so to be likely to obtain planning permission, can still be formulated with that site being sold separately at a later date.

2.6 Negotiations with Cruden Homes have been on-going in respect of a resolution to this impasse which would allow the Katewell Avenue site disposal to proceed now, with a new conditional missive being put in place for the Lillyburn Place site.

3 Current Situation

3.1 Cruden Homes propose an unconditional purchase of the Katewell Avenue site now, with a conditional missive being entered into in respect of the Lillyburn Place site for its purchase, subject to the grant of an acceptable planning permission in their favour.

3.2 Taking account of the area within the Lillyburn Place site which forms the flood plain for the Cleddans Burn, Cruden Homes have prepared a revised development proposal which shows a scheme based on 40 units, reduced from 75 units as originally intended.

3.3 The resultant impact of this reduction in unit numbers is that Cruden are seeking a reduction in the price payable for the site at Lillyburn Place and recent negotiations have focussed on this point.

3.4 The previous authority was based on a Guaranteed Minimum Price (GMP) of EIGHT HUNDRED AND SEVENTY-FIVE THOUSAND POUNDS (£875,000) based on a scheme of 123 residential units (£7,114 per unit) in total subject to the position on abnormal costs being confirmed which is now the case.

3.5 It is therefore proposed that the undernoted revised purchase price figures should apply, namely;

3.5.1 The Purchase Price for the Katewell Avenue site where a minded to grant planning consent for 48 units has been obtained, will be a figure of THREE HUNDRED AND FORTY-ONE THOUSAND FIVE HUNDRED POUNDS (£341,500).

The proposed sale of the Lillyburn Place site will continue, conditional upon Cruden Homes obtaining a planning consent acceptable to them and which meets the concerns of the existing objectors, the purchase price for this site being based on a figure of £7,114 per unit being payable for which planning permission is eventually obtained. The longstop date for purification of this condition, i.e. when a date of entry can be agreed, will be 12 months.

3.6 NRS Housing and Regeneration Services have been advised of these proposed amendments and are supportive of these revisals. Drumchapel has been highlighted as one of the key area-based priorities within Glasgow's Strategic Housing Investment Plan 2019/20-2023/24, with the subject sites identified as a key priority for directing the delivery of new homes for private sale within the area. It is also still anticipated that this development will be a catalyst for further development in this area of Drumchapel.

4 Observations

4.1 Whilst the reduction in total unit numbers will result in a reduced capital receipt to the Council it is worth noting that the issues at the Lillyburn Place site have only become apparent following Cruden Homes detailed site investigations.

4.2 These sites were marketed to address an identified need for private residential development in Drumchapel and this is evidenced by NRS Housing and Regeneration Services continued support for these proposed amendments being sought by Cruden Homes.

4.3 In summary, following detailed engagement with Cruden Homes to address the highlighted issues, the resultant offer of a capital receipt now for Katewell Avenue coupled with terms which could still facilitate a receipt for the Lillyburn Place site to follow, forms the basis of the revised terms and conditions set out below.

5 Terms & Conditions

5.1 The subjects comprise the two sites shown hatched, cross-hatched and outlined in black on the enclosed plans, to be sold to Cruden Homes (West) Limited (the Purchaser) extending to 2.59 hectares (6.40 acres) or thereby and 2.76 hectares (6.82 acres) or thereby for the Katewell Avenue and Lillyburn Place sites respectively.

5.2 The purchase price shall be:

5.2.1 THREE HUNDRED AND FORTY-ONE THOUSAND FIVE HUNDRED POUNDS STERLING (£341,500), exclusive of Value Added Tax, if applicable, for the Katewell Avenue site and based on the existing planning permission for 48 units; and

5.2.2 TWO HUNDRED AND EIGHTY-FOUR THOUSAND SIX HUNDRED POUNDS STERLING (£284,600), exclusive of Value Added Tax for the Lillyburn Place site based on a scheme of 40 units.

The purchase price for each site is calculated on a unit price which is the guaranteed minimum price as provided for in the existing committee authority divided by 123, which was the number of units in the scheme which was originally proposed. It therefore represents the same pro rata price as the existing authority envisaged.

The price is payable at the relevant date of entry.

5.3 Missives shall be concluded as soon as reasonably practicable after Contract and Property Committee authority has been obtained. The missives will be unconditional as regards the Katewell Avenue site. The sale of the Lillyburn Place site will be conditional on Cruden Homes formulating a revised scheme of development for residential units on that site which addressed the flood risk, and Cruden Homes obtaining planning and other necessary consents to proceed with that development, on terms acceptable to Cruden Homes.

5.4 The Date of Entry for the sale of the Katewell Avenue site will be as soon as practicable and that for the Lillyburn Place site will be no later than 15 working days after the Longstop date, that being 12 months from the date of conclusion of missives (the “Longstop Date”) failing which each party can resile without penalty, as regards the Lillyburn Place site.

5.5 The following Suspensive Conditions as regards the sale of the Lillybank Place site are for the benefit of the Purchaser and must be purified by the Purchaser on or before the Longstop Date:

5.5.1 The Purchaser having formulated a revised development plan which addresses the concerns of the existing objectors as regards the development and its flood risk;

5.5.2 The Purchaser obtaining detailed planning consent for the proposed scheme. The purchase price for the Lillyburn Place site is based on 40 units and will be subject to amendment should the outcome of your planning application result in any change to this figure, being calculated on a unit price of £7,114 which is the guaranteed minimum price as provided for in the existing committee authority divided by 123.

5.5.3 The Purchaser obtaining all technical and statutory consents.

5.5.4 The Purchaser obtaining Board Approval.

5.6 The subjects shall be used solely for accommodating a residential development and for no other use whatsoever without the prior written consent from the Seller which shall be granted at their absolute discretion.

5.7 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 consent shall not be unreasonably withheld. Any assignation of the whole contract of sale shall be to a reputable, respectable and responsible third-party assignee who is demonstrably capable of paying the price and carrying out and completing the proposed development.

5.8 All third-party determination in the contract of sale shall be by an independent expert and not by way of arbitration.

5.9 The costs of any ground investigation works, site surveys, habitat surveys, EIA surveys or any other such survey or report instructed by the Purchaser, prior to the date of entry 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.

5.10 In the event that the Purchaser dispones the subjects prior to the commencement of proposed development to the subjects then the Purchaser shall pay to the seller 50% of all sales proceeds in excess of the Purchase price subject to all reasonable marketing costs incurred by the Purchaser during the sale process.

5.11 The Purchaser shall pay to the Seller 50% of any uplift in the market value of the subjects less any costs incurred in the event that planning consent is obtained by the Purchaser for a more valuable non-residential land use.

6 Policy and Resource Implications

Resource Implications:

Financial:	Generate a capital receipt
Legal:	To conclude the appropriate legal agreement.
Personnel:	No direct personnel issues.
Procurement:	No procurement implications.
Equality and Socio-Economic Impacts:	An Equality Impact Assessment (EQIA) is not required for this project.
Does the proposal support the Council's Equality Outcomes 2021-25? Please specify.	No specific equality related issues. N/A
What are the potential equality impacts as a result of this report?	N/A
Please highlight if the policy/proposal will help address socio-economic disadvantage.	N/A

Climate Impacts:

Does the proposal support any Climate Plan actions? Please specify:	*The proposal supports Theme Two: Just and Inclusive Place, in conjunction with the UN Sustainable Development Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable.*
What are the potential climate impacts as a result of this proposal?	*There are no potential climate impacts for this proposal, at this time.*
Will the proposal contribute to Glasgow's net zero carbon target?	*It is considered that the proposal will not have either a positive or negative contribution to the City's net zero carbon target.*

Common Good*:*	It is considered that the subject does not form part of the Council's Common Good. The subject was acquired by the Council's predecessors, the Corporation of the City of Glasgow, using statutory powers. The subject is not on the list of common good assets. There are no conditions in the title that would suggest that the subject was being acquired to be held as part of the common good. There are no other relevant factors to suggest that the subject would form part of the common good of the Council.
Privacy and Data Protection Impacts:	No privacy or data protection impact identified.

7 Recommendations

That Committee:

7.1 notes the contents of this report;

7.2 approves the terms and conditions provisionally agreed with Cruden Homes (West) Limited relating to several amendments to the existing authority in respect of this disposal transaction; and

7.3 authorises the Director of Neighbourhoods, Regeneration and Sustainability in consultation with the Director of Legal & Administration to progress the sale to Cruden Homes (West) Limited.

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