



Glasgow City Council

City Administration Committee

**Item 11**

23rd June 2022

**Report by Councillor Kenny McLean, City Convener for Housing, Development, Built Heritage and Land Use**

**Contact: George Gillespie, Executive Director Ext: 79106**

**PROPOSED OFF MARKET DISPOSAL OF BURNBANK HOUSE,  
25 BURNBANK GARDENS, GLASGOW G20 6HD AT LESS THAN BEST  
CONSIDERATION TO QUEENS CROSS HOUSING ASSOCIATION LIMITED**

**Purpose of Report:**

To seek authority on the principle of an off-market disposal of Burnbank House, 25 Burnbank Gardens, Glasgow G20 6HD at an affordable housing land valuation to Queens Cross Housing Association Limited subject to agreed terms and conditions.

**Recommendations:**

That Committee

1. notes the content of this report;
2. approves the principle of an off-market disposal at an affordable housing land valuation to Queens Cross Housing Association Limited and in doing so, notes that the Council will forgo an estimated capital receipt of £1.38M as a contribution towards the delivery of the project;
3. instructs the Managing Director of City Property (Glasgow) LLP to negotiate the terms and conditions of the disposal; and
4. Agrees that final approval on the agreed terms and conditions be approved by the Contracts and Property Committee.

Ward No(s): 11

Citywide:

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

**PLEASE NOTE THE FOLLOWING:**

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## **1 Description**

- 1.1 The property comprises a vacant, former care home, most recently used as a homeless hostel, together with adjacent land and part of a public gardens area to the north. The building is four storeys' in height and is currently boarded up at ground floor level due to it being earmarked for demolition for redevelopment purposes once the property is sold. The building adjoins two, five-storey sheltered accommodation blocks to the west and east owned by Queens Cross Housing Association Limited (QCHA).
- 1.2 The site proposed for disposal extends to 0.3433 Hectares (0.85 Acres) or thereby as shown edged in black and hatched on the attached plan.
- 1.3 Queens Cross Housing Association are proposing an innovative residential development to create 48 flatted units for social rent for elderly people that will support the move from a model of sheltered housing towards a model of clustered supported living that can support elderly people with accessibility, mobility and progressive health needs.
- 1.4 In the local area of the Burnbank site Queens Cross Housing Association's 'Getting to Know You' survey from 2021 predicts that approximately 40% of households will be over 50 by 2031, but less than 12% of the combined Associations' stock is suitable for elderly people. The provision of 48 accessible homes at Burnbank is designed to address this imbalance.
- 1.5 In view of the above, the Association local demand information reflects the city's position and there is substantial and sustainable demand from elderly people for accessible housing in this location.
- 1.6 This proposal addresses an ongoing equality need.

## **2 Background**

- 2.1 The request to dispose of the site to Queens Cross Housing Association was initiated by DRS Housing Services (now Neighbourhoods, Regeneration & Sustainability (NRS) in August 2016. The site shown edged in black and hatched on the attached plan was formally declared surplus to Glasgow City Council's operational requirements on 8 September 2016.
- 2.2 The City Administration Committee, at its meeting on 13 June 2019 [Link to Report](#) approved the nominated disposal of 23 sites to Registered Social Landlords, funded through Glasgow's Affordable Housing Supply Programme. Burnbank House was included as one of the 23 sites nominated for disposal for social housing.
- 2.3 Following the site being declared surplus to requirements, it subsequently came to light that there was a gap in the title preventing the onward sale of the site. Negotiations with Queens Cross Housing Association were suspended for a period whilst Legal Services and City Property resolved the complicated issue with the gap in title. The matter was resolved in March 2021 thereby enabling City Property to resume negotiations with Queens Cross Housing Association on the disposal of the site.

### 3 Current Position

- 3.1 Following negotiations with the District Valuer (the appointed Agent for Queens Cross Housing Association), a gross market value of £2,120,000 was agreed for the site on the assumption that the price would be adjusted to reflect abnormal development costs once these were identified. Abnormal development costs have provisionally been agreed with Queens Cross Housing Association for the site at approximately £310,000. This would have produced a net capital receipt for the site in the sum of £1,810,000. The value of the site reflects its location being close to the amenities of Great Western Road which over recent years has become ever more popular with residential developers.
- 3.2 It is, therefore, considered that were the site to be brought to the open market, it would generate reasonable interest which is reflected in the gross market value for the site.
- 3.3 Queens Cross Housing Association advised that at the market value, they did not have a viable scheme for the site and sought to agree a price based on an affordable housing land valuation. The District Valuer has valued the site for social housing at £740,000. This valuation was based on the assumption that the price would be adjusted to reflect agreed abnormal development costs once these were identified. This would produce a net capital receipt for the site in the sum of £430,000, £1,380,000 less than the estimated open market value.
- 3.4 The proposed disposal is compliant with the policy for off-market disposal approved by the City Administration Committee at its meeting of 10 October 2019 [Link to Report](#). It is considered that the proposed disposal is compliant with 3.1.1 and 3.1.5 of the approved policy as Queens Cross Housing Association are an adjoining owner as they own the two, five-storey sheltered accommodation blocks to the west and east of Burnbank House. The proposed acquisition allows for consolidation of their housing stock in the area and supports the Council's strategic housing objectives.
- 3.5 When selling land, the Council must comply with the requirement in s.74 of the Local Government (S) Act 1973 that a local authority must sell land for 'the best consideration that can reasonably be obtained'. 'Best consideration' is in most circumstances is taken to mean 'market value'. An exception to this rule is if the disposal complies with the Disposal of Land by Local Authorities (Scotland) Regulations 2010 (s.74 (2A) (b) of the 1973 Act). [Link to Legislation](#). This allows a local authority to dispose of land for a consideration less than the best that can reasonably be obtained provided that: -
- (a) The local authority is satisfied that the disposal for that consideration is reasonable; and
  - (b) The disposal is likely to contribute to one of the following purposes:-
    - Economic development or regeneration.
    - Health.
    - Social well-being; or
    - Environmental well-being.
- 3.6 The Council has carried out an appraisal as required by the regulations, comparing the costs, benefits and disbenefits of the proposed disposal. It is considered that there are exceptional circumstances that warrant a sale at less than best consideration and for the site to be valued at an affordable housing land value. These exceptional circumstances include the development of much

needed elderly amenity social housing in an area of high demand which would not otherwise be provided by the market.

## 4 Appraisal

### 4.1 The Strategic Case

The proposal to develop elderly housing at Burnbank House is in line with Glasgow's Housing Strategy (2017-2022), strategic priority 5, which aims to

- provide affordable, safe, secure and energy efficient homes for older people which is fundamental to the Council's health and wellbeing outcomes.
- Develop specialist provision where there is an identified need.
- Provide support for hospital avoidance and discharge.
- Support the delivery of the Council's Dementia Strategy.
- Tackle social isolation and loneliness.

4.2 The proposals are consistent with the strategy developed by Glasgow City Health & Social Care Partnership. The Older Peoples Transformational Change Programme recommended movement away from the former model of sheltered housing towards models of clustered supported living. Glasgow's H&SCP asked Queens Cross Housing Association to identify premises for this model of housing and care provision. The proposals for Burnbank House have the flexibility to provide this type of care provision.

4.3 Given the scarcity of suitable sites in the area, Burnbank House next to the housing association's existing services was identified as the ideal setting for an elderly development. The map below indicates how uniquely accessible the site is to a wide range of local community facilities and amenities. The site is located in the west end of Glasgow near Great Western Road and offers access to many facilities within walking distance.



#### 4.4 Housing Demand

The Greater Glasgow and Clyde Valley Housing Needs and Demand Assessment 2015 estimates that Glasgow's population aged 65 and over is projected to rise by 133,000 by 2037. Glasgow's 50+ population is expected to rise by 46,000 people while those aged 65-74 and 75+ are predicted to increase by 42% and 54% respectively over the next 25 years. Demand for purpose-built, accessible housing to meet the particular needs of an ageing population will increase. Queens Cross Housing Association carried out a survey in 2021 that demonstrated that approximately 40% of households in the Burnbank area will be over 50 by 2031, but less than 12% of all housing association stock is suitable for elderly people.

There are currently 184 people currently on Queens Cross Housing Association's housing waiting list that are over 60 years old therefore demand for this type of housing is high. The provision of 48 accessible homes at Burnbank is designed to assist in addressing this need.

#### 4.5 Affordable Housing Supply Programme (AHSP)

NRS Housing Services have supported Queens Cross Housing Association with Affordable Housing Supply Programme funding to enable the proposals to be progressed through the planning system. To date, funding of £332,236 has been committed from the Affordable Housing Supply Programme to the project as shown in the table below.

	<b>AHSP Funding</b>
Design Team fees	£261,668.69
Site Investigation Work	£13,164.88
Planning fees	£39,296.52
Legal & Valuation Fees	£18,106.35
<b>Total</b>	<b>£332,236.44</b>

- 4.6 The Affordable Housing Supply Programme is funding that Glasgow City Council receives from the Scottish Government to fund affordable housing in the city. NRS Housing Services carries out value for money appraisals on projects submitted by housing associations to determine the level of grant that an association can receive based on guidance set out by Scottish Government. This takes into account the rent levels that an association can charge and places a cap on these to ensure that rents remain affordable for tenants. However, this also limits how much funding the association can reasonably borrow to contribute to the project. Housing association grant for social housing averages about 55%-60% therefore the total cost of the project is limited by these parameters. The viability of a project is therefore influenced by:

- The value of the site
- Any remediation or demolition costs
- The works costs
- The rent levels charged
- other development costs

If any one of these areas is excessively high, then it will affect the viability of the project and the project will not proceed.

- 4.7 Queens Cross Housing Association have obtained tendered works costs for the project and advised that these costs are high due to current market conditions exacerbated by the pandemic, Brexit, and the crisis in Ukraine. Housing Services are aware of this trend throughout the Affordable Housing Supply Programme (AHSP), and it is presenting challenges in delivering the programme. Viability of the Burnbank project will be determined by the valuation of the site.
- 4.8 Queens Cross Housing Association require approval of the valuation based on an off-market disposal at an affordable housing land valuation which reflects the current housing proposals for which Queens Cross Housing Association have obtained full planning consent (Ref:20/01237/FUL).

## **5 City Property**

- 5.1 Following Committee authority to proceed with the disposal at an affordable housing valuation, Heads of Terms will be negotiated by City Property and the final agreed terms and conditions on the sale will be reported to the Contracts & Property Committee for final consideration and approval.
- 5.2 Having regard to the exceptional circumstances of this transaction, the Committee is therefore asked to approve the principle of the off-market disposal of Burnbank House at an affordable housing land valuation to Queens Cross Housing Association Limited.

## **6 Policy and Resource Implications**

### **Resource Implications:**

<i>Financial:</i>	Due to the exceptional circumstances described in this report, the potential capital receipt will be reduced to an estimated £430,000 which is £1,380,000 lower than the estimated open market value, net of abnormal costs.
<i>Legal:</i>	All transactions will be subject to review and conclusion by Glasgow City Council's Corporate and Property Law section.
<i>Personnel:</i>	There are no direct personnel implications.
<i>Procurement:</i>	There are no relevant procurement issues.

### **Equality and Socio-Economic Impacts:**

<i>Does the proposal support the Council's Equality Outcomes 2021-25? Please specify.</i>	The Affordable Housing Supply Programme is part of Glasgow's Housing Strategy (2017-22) which was subject to an Equalities Impact Assessment.
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*What are the potential equality impacts as a result of this report?* The provision of this housing type in this location has significant, positive, equality benefits given the lack of alternative, suitable accessible housing in this location.

*Please highlight if the policy/proposal will help address socio-economic disadvantage.* The AHSP will facilitate significant investment in the construction and associated industries, with additional community benefits in the form of jobs and training opportunities and benefits to SMEs via the supply chain.

The new and improved housing delivered via the 2022/23 AHSP will contribute to the continuing regeneration of neighbourhoods within Glasgow. It will provide opportunities for people to access much needed high-quality homes including those for larger families and wheelchair accessible across a range of tenures. The AHSP will create new affordable housing for local communities and result in environmental improvements to local areas.

### **Climate Impacts:**

*Does the proposal support any Climate Plan actions? Please specify:* Homes delivered via the 2022/23 AHSP will have high energy efficiency resulting in low carbon emissions and low running costs for residents. This supports Glasgow's Climate Plan, Theme Five: Green Recovery.

*What are the potential climate impacts as a result of this proposal?* The re-use of brownfield sites contributes positively to sustainability.

*Will the proposal contribute to Glasgow's net zero carbon target?* Homes delivered via the 2022/23 AHSP will have high energy efficiency resulting in low carbon emissions and low running costs for residents. A Strategic Environmental Impact Assessment was carried out as part of the preparation of Glasgow's Housing Strategy.

*Common Good:* It is considered that the subject does not form part of the Council's Common Good.

The majority of the subjects were acquired by the Council's predecessors using statutory powers. The remainder of the subjects were acquired by the Council on 26 March 2021 by

agreement and for value. The subjects are not on the list of common good assets. There are no conditions in the title that would suggest that the subjects were being acquired to be held as part of the common good.

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

**Privacy and Data N/A**  
**Protection Impacts:**

## **7 Recommendations:**

That Committee

1. notes the content of this report.
2. approves the principle of an off-market disposal at an affordable housing land valuation to Queens Cross Housing Association Limited and in doing so, notes that the Council will forgo an estimated capital receipt of £1.38M as a contribution towards the delivery of the project.
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