

REPORT TO: POLICY AND RESOURCES COMMITTEE - 20TH JUNE 2005

REPORT ON: SALES OF LAND

REPORT BY: CHIEF EXECUTIVE

REPORT NO: 220-2005

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to recommend new procedures for the approval of sales of land by the Council.

2.0 RECOMMENDATIONS

It is recommended that the Committee approve the following

- 2.1 that no sales of land are carried out without a report being placed before Committee.
- 2.2 that all reports recommending a sale of land are accompanied with a scale plan to enable members to fully consider the proposal's merits.
- 2.3 that all applications to buy land are referred to the Economic Development Department for a valuation prior to their consideration by Committee.
- 2.4 that the valuation should be the best price in the prevailing circumstances.
- 2.5 that sales of land should only be placed before Committee if the Director of the Department upon whose account the property lies and the Director of Economic Development are recommending the sale as financially beneficial to the Council.

3.0 FINANCIAL IMPLICATIONS

There are no financial implications contained in implementing this report. However, the implementation of the report will ensure that the Council meets its statutory duty to obtain best value in any sales of land.

4.0 LOCAL AGENDA 21 IMPLICATIONS

- 4.1 None

5.0 EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 None

6.0 BACKGROUND

- 6.1 In recent years there has been a growing increase in applications to purchase land from the Council. This has arisen because a number of factors -
- The introduction of the Right to Buy
 - Since the early 1980s more than 17,000 council houses have been sold. Once tenants are owners of their houses they wish to create a new garden or extend their existing one.
 - Changes in lifestyle mean that owners are now more keen to have larger areas for "outdoor living".

- Increasing maintenance costs of amenity areas mean that it is sometimes financially beneficial to the Council to dispose of areas which are costly to maintain.
- The increasing value of domestic property means that increases in garden area could represent a substantial financial benefit to owner-occupiers.
- Owners may also wish to extend their house or build a garage.

- 6.2 Reference is made to Article I(b) of the minute of meeting of 14th December 1998 (Report No 800/1998) wherein the Policy and Resources Committee agreed that because of the need to reduce maintenance costs and the number of applications involved, the sale of additional garden ground in non open plan estates would be delegated to Housing Officers. It is recommended that this practice now ceases.
- 6.3 Within council house estates owner-occupiers have identified pieces of land which they may think they could profitably use and ask to buy it. Normally if neighbours do not object and there is no strategic need to keep it, the Housing Officer may agree to sell. However, there are times when such an individual sale could lead to a lost development opportunity.
- 6.4 Similarly, in private estates where the Council retains amenity ground (usually on the Dundee Contract Services Account) private owners may consider that a piece of ground could be used either to extend the garden, build a garage or an extension. Taken in a piecemeal fashion and in isolation, a particular application may appear to have financial benefits for the Council. The Council reduces its maintenance costs and a piece of land is used for a worthwhile purpose and the Council receives a small capital receipt. However future economic development may be prevented by such piecemeal sell offs.
- 6.5 When considering the value of land to be sold the intended use of land is taken into consideration. Therefore the valuation which is obtained for garden ground is necessarily smaller than valuations for erection of buildings, garages or extensions. However, considering value, reference is often made to the Planning Department and whilst the Department can indicate what they would recommend were an application to be made, planning rules and regulations change and in addition applicants have a right of appeal. It is possible that the Council could sell a piece of garden ground at garden ground value and the applicant could apply to build a house. The application could be refused by Committee and the applicant could appeal and win and obtain planning permission for a house having paid the value only of garden ground.
- 6.6 The abolition of the Feudal System gives the Council limited opportunities to control land in the way it used to. Previously garden ground was sold with a feudal burden stating clearly that it had to be used as garden ground and the problems which might now arise in accordance with the foregoing paragraph would not happen. At present when sales are taking place, an economic development burden is placed on all sales of additional garden ground but as the legislation is new and untested, it is too early to say whether this will be effective. In addition, it is certain that the new system of land will thus allow for the removal of burdens at the Lands Tribunal with a much easier test requiring to be met.
- 6.7 The decision to sell any council land is a difficult and complex one which involves issues such as present valuation, future development opportunities, possible reduction of maintenance costs, amenity of the neighbours, loss of control, trees and other fauna, and most importantly considerations of best value to the Council. It is for these reasons that it is only appropriate for a sale to proceed if the officers of the Council recommend its approval and if the members have the opportunity of examining a plan of the area and considering the land's value and any possibility of the land obtaining greater worth as part of an overall scheme.
- 6.8 Property prices in Dundee have risen considerably in recent years. The City Council must ensure that it benefits from the sale of any land to the maximum extent. Sales should proceed on the basis that the purchaser is prepared to pay the best price in the prevailing circumstances. It is only this approach which will ensure that the Council complies with its duty to comply with Best Value and with its obligation to obtain market value for subjects in terms of Section 74 of the Local Government (Scotland) Act 1973.

7.0 CONSULTATIONS

- 7.1 The Depute Chief Executive (Support Services), Depute Chief Executive (Finance), Director of Housing, Director of Economic Development, Director of Dundee Contract Services, Director of Leisure and Arts, and Director of Planning and Transportation have all been consulted regarding the contents of this report.

8.0 BACKGROUND PAPERS

- 8.1 NONE

ALEX STEPHEN
Chief Executive

Date: 17th June 2005