


REPORT TO CABINET

09 September 2020

Subject:	Taylor Grange Ltd Land Exchange, West Bromwich Street, Oldbury
Presenting Cabinet Member:	Councillor Millard - Cabinet Member for Inclusive Economic Growth
Director:	Executive Director – Neighbourhoods Dr Alison Knight
Contribution towards Vision 2030:	
Key Decision:	Yes
Cabinet Member Approval and Date:	Yes
Director Approval:	Interim Director – Regeneration & Growth - 21 July 2020
Reason for Urgency:	Does not apply
Exempt Information Ref:	Does not apply
Ward Councillor (s) Consulted (if applicable):	Ward Members have not been consulted
Scrutiny Consultation Considered?	Scrutiny has not been consulted
Contact Officer(s):	Andrew Jones Principal Asset Surveyor Andrew_Jones@sandwell.gov.uk

DECISION RECOMMENDATIONS

That Cabinet:-

- a) Declare the land and premises of area 3,179 square metres on the western side of West Bromwich Street, Oldbury identified as site 1 on Plan SAM/52180/004 (Appendix 2) surplus to requirements;
- b) Declare the land and premises of area 3,607 square metres on the eastern side West Bromwich Street, Oldbury identified as site 2 on Plan SAM/52180/005 (Appendix 3) surplus to requirements;
- c) Declare the land and premises of area 2,241 square metres on the junction of Roway Lane & West Bromwich Street, Oldbury identified as site 3 on Plan SAM/52180/003 (Appendix 4) surplus to requirements;
- d) Declare the land of area 1,894 square metres on the junction of West Bromwich Street and Bromford Road, Oldbury identified as site 4 on Plan SAM/52180/006 (Appendix 5) surplus to requirements;
- e) authorise that the Acting Section 151 Officer to acquire the freehold interest in land of area 4,178 square metres at Dudley Road, Oldbury (the pylon site) identified as site C on Plan SAM/15400/005 (Appendix 6) from Taylor Grange (Oldbury) Ltd on terms to be agreed by the Director - Law and Governance and Monitoring Officer and the Director - Regeneration and Growth;
- f) authorise that the Acting Section 151 Officer to acquire the freehold interest in land of area 5,460 square metres at Dudley Road, Oldbury (adjacent Wellman Building) identified as site D on Plan SAM/15400/006 (Appendix 7) from Taylor Grange (Oldbury) Ltd on terms to be agreed by the Director - Law and Governance and Monitoring Officer and the Director - Regeneration and Growth;
- g) Subject to a, b, c, d (above), authorise the Director – Law and Governance and Monitoring Officer to dispose of the freehold interest in the land shown as sites 1,2,3 & 4 on Plans SAM/52180/003/4/5/6 (Appendices 2,3,4 & 5) to Taylor Grange (Oldbury) Ltd on terms and conditions to be agreed by the Director - Regeneration and Growth;
- j) Subject to a, b, c, d, e, f and g (above) authorise the Director - Law and Governance and Monitoring Officer, to enter into or execute under seal if necessary, any other relevant documentation in relation to the execution of the above recommendations, on terms to be agreed by the Director - Regeneration and Growth.

1. PURPOSE OF THE REPORT

- 1.1. This report relates to a proposed land exchange of equal value between the council and Taylor Grange (Oldbury) Ltd. The council will transfer four sites in West Bromwich Street, Oldbury for residential development and acquire two sites fronting Dudley Road adjoining a large site in its ownership.
- 1.2 In 2019 Taylor Grange (Oldbury) Ltd acquired the Junction site bounded by Bromford Road, Fountain Lane and West Bromwich Street for residential development. The company also acquired land fronting Dudley Road separated from the development site by the large council owned car park.
- 1.3 The council owns four unused sites fronting West Bromwich Street that could form part of the development scheme. The land fronting Dudley Road can be incorporated in the council car park site for expansion of parking or as development land.
- 1.4 The course of action recommended in the report will assist provision of new homes and enhance the value and development potential of the councils retained land.

1 IMPLICATIONS FOR THE VISION 2030

- 2.1 **Ambition 7** - We now have many new homes to meet a full range of housing needs in attractive neighbourhoods and close to key transport routes.
 - The development of the sold council sites will provide much needed housing units for the Borough.
 - The sold council sites will form part of a larger development scheme extending to the Junction of Bromford Lane and Fountain Lane close to key transport routes at Sandwell & Dudley Station.
- 2.2 **Ambition 8** - Our distinctive towns and neighbourhoods are successful centres of community life, leisure and entertainment where people increasingly choose to bring up their children.
 - The proposal will support the regeneration of the town by developing unused land in West Bromwich Street and creating a future development opportunity fronting Dudley Road.
 - The proposed residential development will help to improve the way the area looks.
 - The proposal will support the development of the Junction site which despite been a gateway site fronting a major highway, bus route and the main line railway station, has long been a prominent area of unused land.

2.3 **Ambition 10** - Sandwell now has a national reputation for getting things done, where all local partners are focussed on what really matters in people's lives and communities.

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1** For many years the council has encouraged various private owners of the "Junction" site to develop the land. The owners have pursued schemes that followed commercial market trends at the time, but none have ever resulted in construction starting. In 2019 the site was acquired by Taylor Grange (Oldbury) Ltd who propose a high density residential development. They have selected Lovells as their development partner.
- 3.2** The developers have submitted a planning application that will soon be decided by the Council.
- 3.3** One of the design issues to be addressed is the frontage to West Bromwich Street. The council owns two sites separating the development site from that highway. The developer already owns alternative access land so does not need to acquire the sites to enable development. However, incorporating that land will enable a higher development density than could be achieved if both parties developed their land in isolation. Indeed, one of the pieces of land (site 4) is incapable of development. It is financially beneficial to develop the other council owned sites as part of the larger development to achieve economies of scale and share fixed costs.
- 3.4** Taylor Grange own two areas of land fronting Dudley Road which are split, and otherwise surrounded, by council owned land. The land could be developed in isolation, but highway access is required to and from the A457 Dudley Road.
- 3.5** Valuations have been obtained and an exchange at nil consideration has been negotiated.
- 3.6** The sites to be transferred add value to the acquiring parties existing land holdings. The "marriage value" created has been considered by the external valuer.
- 3.7** The planning process will include consideration of affordable housing provision and Community Infrastructure Levy. It is in the council's interests to ensure that those benefits are maximised by assisting in making the scheme viable.

Furthermore, the Junction site has lain undeveloped for many years because development has not been viable, and the current economic situation is uncertain. So, public sector support may be necessary to ensure the scheme is built.

- 3.8** The council's strategic benefit from this land exchange is continuing the creation of large sites in single ownership for development and regeneration. Site assembly by the council and previous private developers has removed the patchwork of small ownerships that hindered co-ordinated design and construction. The council will continue to encourage remaining neighbouring owners to work together. This approach assists the council to promote good design and sustainability in development to achieve wider benefits for the community.
- 3.9** Including the council owned land in the Taylor Grange development site enables improved urban design and efficient highway engineering. That is expected to result in a better, well thought out development without conflicting priorities between separate development schemes.

4 THE CURRENT POSITION

- 4.1** The developer submitted a planning application that will soon be determined by the Council. Therefore, a decision on whether the council will transfer sites 1-4 will assist consideration of the scheme.
- 4.2** The development will assist the council, as planning authority, reach its target number of new build homes. That will assist the Combined Authority reach its housing development target. The current economic situation has cast doubt on the speed of development on other sites in the borough and Combined Authority area.
- 4.3** The Combined Authority (CA) funded the cost of obtaining valuations for the council from an external firm and are now considering a funding agreement with Taylor Grange regarding the adjacent 'Junction' site. The CA seek to promote the development of additional land in order to assist housing development in the region. Taylor Grange have entered into an agreement with Lovell for the development of houses on their site. That agreement increases the probability of the development proceeding as Lovell will be the deliverer and have a successful track record.

5 CONSULTATION (RESIDENTS AND OTHER STAKEHOLDERS)

- 5.1** Public consultation on design and layout of development on the land to be transferred will take place as part of the planning process. At present there are no detailed designs to consider.

6 ALTERNATIVE OPTIONS

- 6.1** An alternative option would be for the council to choose not to sell its four sites to Taylor Grange, so it could develop the land itself. However, the costs of development would reflect the costs of low volume design and construction. This option would not secure ownership of sites C & D.
- 6.2** The council could sell its land on the open market. That would produce a capital receipt but not secure ownership of sites C & D. Taylor Grange may then seek to purchase sites 1-4. In order to attract other bidders the council would need to invest money in obtaining outline planning consent and all other matters needed to prepare for development. That will cause delay and risk in an uncertain property market by which time Taylor Grange may have proceeded without the sites.
- 6.3** The council could seek to purchase Sites C and D from Taylor Grange. That would require capital expenditure. Taylor Grange might decline to sell unless the council agreed to transfer sites 1 – 4 for inclusion in their development scheme.
- 6.4** The council could seek to exchange smaller areas of land, but no discernible advantage has been identified.
- 6.5** The council could decide not to sell or develop its land at the current time. Ownership of a “land bank” enables swifter response to changing circumstances and could be financially beneficial. However, there are holding costs requiring revenue expenditure to produce the hoped for capital receipt. Also, there are revenue benefits foregone by delaying building of properties and a risk that property values might fall. Then there is the issue of when these particular sites will experience circumstances as beneficial as the current opportunity. Sites 2 & 4 adjoin the Taylor Grange development which is intended to start construction soon, so now appears to the optimum moment for disposal. Sites 1 & 3 might perhaps have future developments on adjacent land, but if those developers didn't need the sites then they might not seek to buy them.
- 6.6** Also, by retaining these sites the council would not acquire sites C & D which seem preferable to sites 1-4 for retention by the council.

- 6.7** The course of action recommended in this report is unusual in that it seeks to achieve best value by exchange of land rather than separate sales and purchases. Therefore, the prices achieved and spent are not transparent. However, the ease of arranging an exchange is mutually beneficial to Taylor Grange and the council as it simplifies negotiation, timescales and legal process. Officers have not identified an option that produces greater transparency and evidence of best value whilst retaining the advantages of a direct exchange between the two parties.

7 STRATEGIC RESOURCE IMPLICATIONS

- 7.1** The course of action recommended in this report requires no financial contribution by either party. There will be acquisition costs including stamp duty.
- (i) The sites have been valued by an external firm of surveyors.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

- 8.1** The Council Property Protocol requires independent valuation of the sites, which have taken place.
- 8.2** Any proposed procurement process will comply with the public procurement rules.
- 8.3** General Authority Section 2 of the Local Government Act 2000, covers the promotion of wellbeing. This gives the Council power to do anything that is likely to achieve the promotion or improvement of the economic, social or environmental wellbeing of their area.
- 8.4** The Local Government Act 1972, requires the Council to demonstrate “best consideration reasonably achieved” when disposing of land. The independent valuations comply with this requirement.

9 EQUALITY IMPACT ASSESSMENT

- 9.1** An equality impact assessment screening exercise has not been carried out. Development of the land will be subject to Planning consent.

10 DATA PROTECTION IMPACT ASSESSMENT

- 10.1** Data used in relation to this project will comply with current data protection legislation, regulations and council policies and procedures.

11 CRIME AND DISORDER AND RISK ASSESSMENT

11.1 Development of the vacant sites will reduce the potential for anti social behaviour. Incorporating sites C & D in the council's adjacent land will improve the security of the pay & display car park.

12 SUSTAINABILITY OF PROPOSALS

12.1 The course of action recommended in this report will result in residential development near a public transport node at Sandwell & Dudley station, and increase the population served by Oldbury town centre shops and facilities.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

13.1 The provision of new housing will improve housing choice for local residents.

13.2 Wider benefit may be provided through the training opportunities available in relation to the new build properties.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

14.1 The Council will be acquiring extra land to incorporate with an existing holding and disposing of surplus land in a planned way which should see the sites developed quickly.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 This report concerns a property transaction of equal value in order to promote development.

Dr Alison Knight
Executive Director - Neighbourhoods