

Report to Cabinet

22 June 2022

Subject:	Disposal of Grafton Lodge, Grafton Road, Oldbury
Cabinet Member:	Councillor Peter Hughes, Cabinet Member for Regeneration & Growth
Director:	Tony McGovern Director for Regeneration and Growth
Key Decision:	Yes
Contact Officer:	Lee Constable Strategic Lead – Strategic Assets & Land lee_constable@sandwell.gov.uk

1 Recommendations

- 1.1 That approval be given to declare Grafton Lodge, Grafton Road, Oldbury B68 8BJ, as site plan SAM/20100/007, former Adult Services led care home, surplus to all council use.
- 1.2 That the Director of Law and Governance and Monitoring Officer be authorised to dispose of the site, on terms and conditions to be agreed by the Director of Regeneration & Growth, in consultation with the Director of Housing and Director of Finance.



- 1.3 That subject to 1.1 above, the Director of Regeneration and Growth in consultation with the Director of Housing and the Director of Finance, be authorised to prepare sale particulars and subsequently dispose, in accordance with any statutory regulations and the Council's Procurement and Financial Regulations, the site to a Developer or a Registered Provider to develop, a suitable housing scheme; to enter into or execute under seal any financial or conditional agreement in relation to the delivery of a suitable scheme on terms and conditions to be agreed by the Director of Finance;
- 1.4 That subject to 1.2 above, the Director – Law and Governance and Monitoring Officer be authorised to enter into or execute under seal any documentation in relation to the disposal and/or development agreement, licence, undertaking, any consents or applications required for Planning or Highways appertaining to the delivery of the scheme and any other agreements with the procured developer(s) or Registered Provider(s) as may be deemed necessary to facilitate development of the site with a housing scheme on terms and conditions to be agreed by the Director of Regeneration and Growth.
- 1.5 To agree that the property may be sold at below market value in order to secure a higher level of affordable housing, if in the opinion of officers, the most advantageous bid received is on this basis.

2 Reasons for Recommendations

- 2.1 The purpose to this report is to authorise the disposal of the property identified under section 1 of the report to provide much needed housing within Sandwell. Disposal and subsequent redevelopment will also remove the ongoing management costs associated with an empty building.
- 2.2 To confirm the former care home and current site has been declared surplus to both Adult Services requirements and wider council service provision.



- 2.3 It is proposed that the site should be advertised on the open market for sale including to all the Registered Providers who are active or interested in being active in Sandwell.
- 2.4 An expressions of interest process would be undertaken, inviting both Developers and Registered Providers to submit their proposals. Subject to offers being received, the intention would be to review whether to go for the offer that delivers the highest capital receipt OR any offers from Registered Providers that are marginally below the market value but look to provide 100% affordable housing.
- 2.5 The council is aware of a number of Registered Providers looking for sites in Sandwell – that are already Homes England strategic partners and therefore have already secured favourable upfront grant rates from Homes England.
- 2.6 The proposal to redevelop the site for residential purposes will be subject to a selection criterion with percentage weighting to price, tenure mix, and any other required factors. It may also be necessary to consider managing the development outputs via a restrictive covenant.
- 2.7 If the highest receipt was not selected but instead the council were minded opting for a scheme with higher affordable housing, then there will be a need to put a Development Agreement in place under which the purchaser commits to deliver the additional affordable housing.
- 2.8 Dependent upon available in-house resources there may be a requirement to appoint an agent to manage the process on behalf of the council.
- 2.9 An external valuation has been undertaken by Lambert Smith Hampton dated 6th January 2022. If the site were sold for re-use as a care home the value would be in the region of £630k. If the site was sold and redeveloped for housing, then the current market value would be in the region of £600k. Both valuations are approximately in line with the council's current holding value as at the 31st March 2020 of £644k.



3 How does this deliver objectives of the Corporate Plan?

	<p>Best start in life for children and young people</p> <p>These new build properties will provide accommodation which better meet the needs of young families allowing / enabling for a better home/educational environment</p>
	<p>Quality homes in thriving neighbourhoods</p> <p>The redevelopment of this under-utilised site with modern residential accommodation will improve the asset base of the borough by providing much needed housing.</p> <p>The provision of the proposed scheme will provide Homes that meet people's needs. Sandwell's population is growing, and people need quality housing that fits their individual requirements.</p> <p>The development of these sites will be guided by the Local Planning Authority in accordance with approved planning and development guidance. This will seek to achieve quality developments that set the highest architectural standards, and which provides energy efficient buildings, in furtherance of the aims of the Environmental Policy for Sandwell.</p>
	<p>A strong and inclusive economy</p> <p>The development of the scheme will support investing in businesses, people and jobs that will create wealth and tackle poverty. It will also actively promote Think Sandwell with the inclusion of apprenticeships and training opportunities within the contractual arrangements</p>

4 Context and Key Issues

4.1 Grafton Lodge has been identified as not fit for purpose and surplus to Adult Social Care requirements. Given there is no identified need for additional care beds in this location this facility is no longer required.



- 4.2 This report seeks approval from Cabinet to seek expressions of interest from developers and from Registered Providers to identify a suitable housing scheme which will provide much need housing.
- 4.3 The proposed re-development of the currently surplus council property with new homes will result in the following benefits:
- reducing the amount of vacant, under-utilised land within its ownership which is incurring maintenance costs;
 - increasing the numbers of housing units which will ease pressure on our existing housing;
 - Contributing positively to the financial position of the council by generating New Homes Bonus and new Council Tax receipts.
 - Developing fit for purpose accommodation.
 - Increased good quality, energy efficient housing provision in the Borough
 - Increasing the levels of new build housing stock within the Borough contributing to target forecasts.
 - Linking to the work of Think Local and Find-it-in-Sandwell approaches that will offer significant employment and training opportunities as well as additional community benefits to the local economy, including working with local supply chains and use of local labour.
 - Producing positive outputs for community safety through the redevelopment of a vacant site.
- 4.4 This will support the council's ambition to provide new homes helping to meet the significant housing targets as set by central government.

5 Alternative Options

- 5.1 Retain the asset in the General Fund. The building is currently surplus to General Fund needs. There is an opportunity to make better use of this asset and remove ongoing revenue and maintenance costs.
- 5.2 Subject to no realistic bids being received or bids not meeting the set criterion, via the open market exercise, the asset could be considered for appropriation into the Housing Revenue Account. It would then support housing development, possibly modular build to deliver 100% affordable housing on the site. These homes would be part of SMBC stock. This option had been considered initially. However, by considering disposal



on the open market for a developer or registered landlord to deliver the scheme the council would look to obtain a sizable capital receipt whilst still providing affordable housing helping to meet housing targets for the area. In the event of no suitable bids being received this option can be reconsidered.

6 Implications

Resources:	<p>The property has a current holding value as at 31 March 2020 of £644k.</p> <p>Resources totalling £184m were allocated by Cabinet on 18th October 2017 for the period 2017 to 2027 to increase the number of homes within the Housing Revenue Account stock. The associated financing costs of these resources are built into the Housing Revenue Account 30-year business plan.</p>
Legal and Governance:	<p>Under the Local Government Act Section.123, the Council is entitled to dispose of property in any way it sees fit, provided it is not sold for less than best consideration that can reasonably be obtained. The Secretary of State has given consent for Councils to dispose of assets at less than best consideration, as long as the difference between the unrestricted value and the sale price (i.e. the undervalue) is less than £2M (permitted under the Secretary of State's, General Disposal Consent). Selling (or leasing) a property subject to a restrictive covenant is not caught by or automatically subject to the Public Contract Regulations 2015, but it is a good idea to keep it under review.</p> <p>Restrictive covenants are not as secure as they used to be, but there are legal mechanisms that can be put in place to provide additional security, and a sale to a registered provider or housing charity, would give some security.</p> <p>Having reviewed the Title with a view to the current proposal any new build proposals will have to be considered and constructed having regard to the rights granted and reserved within the registered title. No searches have been conducted currently.</p>



Risk:	Given the size and location of the site the proposal, as set out in this report, needs to ensure the site is redeveloped in line with the priorities of the council, delivering much need housing. The delivery of housing units is key be that via a private housing developer or via Registered Providers. Alternatives uses for the site may not be considered at this stage.
Equality:	An equality impact assessment (initial screening) has been completed and no issues preventing the recommendations in this report found.
Health and Wellbeing:	The repurposing of the site will have a positive impact on health and wellbeing. Currently this site is vacant and underutilised. The redevelopment of this site with modern residential accommodation will improve the asset base of the borough by providing much needed affordable, high quality, energy efficient housing. This will result in creating sustainable communities, create wealth, tackle poverty, improve health and wellbeing and reduce certain types of anti-social behaviour and crime.
Social Value	The development of this scheme will support investing in businesses, people and jobs. It will also actively promote Think Sandwell with the inclusion of apprenticeships, training opportunities and community engagement within the contractual arrangements.

7. Appendices

Site identification Plan attached and marked Ref SAM/20100/007.

8. Background Papers

8.1 None

