

# CHESHIRE EAST COUNCIL

## CABINET MEMBER FOR REGENERATION AND ASSETS

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**Report of:** Executive Director of Economic Growth and Prosperity

**Subject/Title:** Sale of Ethel Elks / Hilary Centre, Crewe

**Date of Meeting:** 14 September 2015

**Portfolio Holder:** Councillor Don Stockton

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### 1.0 Report Summary

- 1.1 The purpose of this report is seeking approval to declare the properties known as the Hilary Centre and Ethel Elks surplus to the requirements of Cheshire East Council and dispose of the property on the open market by the most appropriate method of sale, instruct legal services and proceed to legal completion.

### 2.0 Recommendation

- 2.1 That the Council declare the properties surplus to requirements of Cheshire East Council and dispose of the property via Private Treaty for residential development on terms and conditions to be agreed by the Assets Manager and Head of Legal Services and Monitoring Officer.
- 2.2 Further to 2.1 to seek the necessary approval to instruct Legal Services to prepare the contract documentation and proceed to legal completion on terms and conditions to be agreed by the Assets Manager and Head of Legal Services and Monitoring Officer.

### 3.0 Reasons for Recommendation

- 3.1 The property is included within the Council's disposals programme with an anticipated completion of sale in the 2016/17 financial year and the sale of the property will make a contribution towards the current 3 year disposals target.
- 3.2 The existing services are to be relocated to the new Crewe Lifestyle Centre in early 2016 and once vacated the Council will be left with an empty asset and incur unnecessary holding costs
- 3.3 The Council are looking at reducing its expenditure on its surplus Assets; therefore in allowing the early marketing of this Asset and accepting a preferred offer will enable the Council to eliminate / reduce the high holding costs associated with a building of this size.
- 3.4 One of the key priorities identified within Cheshire East's Housing Strategy is the delivery for both market and affordable housing. Disposal of this property for residential development will help alleviate the supply

and demand within Cheshire East. In addition, the Council will benefit from any new homes bonus once the site is built out.

#### **4.0 Wards Affected**

- 4.1 Crewe Central Ward

#### **5.0 Local Ward Members**

- 5.1 Councillor Dorothy Flude and Councillor Stephen Hogben

#### **6.0 Policy Implications**

- 6.1 There are no perceived policy implications.

#### **7.0 Implications for Rural Communities**

- 7.1 There are no implications for rural communities.

#### **8.0 Financial Implications**

- 8.1 A sale of the property will result in the Council reducing its holding costs for the property and receiving a capital receipt. The sale is likely to be subject to planning and therefore likely to complete within the 2016/17 financial year.
- 8.2 The Council will receive Council tax from a residential development and the new homes bonus.

#### **9.0 Legal Implications**

Disposals will be subject to means of accountability to include best value being obtained. State Aid considerations may fall to be considered, and in some transactions the complexity may involve procurement legislation, application of the contract procedure rules, and for due diligence information/material, depending on each particular set of circumstances. When the method of disposal has been determined and terms of sale agreed specific tailored advice will be given on how to manage and achieve the disposal within legal constraints.

#### **10.0 Risk Management**

- 10.1 There are no risk management issues associated with the proposed disposal.

## **11.0 Background**

### **11.1 The Property / Location**

The land comprises 0.442 ha (1.092 acre) freehold site, providing two detached buildings known as the Ethel Elks Family Centre and the Hilary Centre.

Both properties comprise a series of single storey buildings surmounted by flat bitumen covered roofs with brickwork elevations, incorporating uPVC double glazed windows. The eastern section of the site provides a lawned garden and children's play area.

The site provides parking for approximately 35 vehicles.

The site is situated to the east of Salisbury Avenue in Crewe, approximately 1.5 miles south west of the town centre and 1 mile west of Crewe railway station. The surrounding area is predominantly residential and is relatively popular with students, with Manchester Metropolitan University's Cheshire Campus situated just over 1 mile to the east.

The site is located in an area subject to the Borough of Crewe and Nantwich Replacement Local Plan. The site is allocated as being within the Crewe and Nantwich Settlement Boundary but is otherwise unallocated.

It is considered that the properties may be suitable for a variety of commercial uses and we believe that interest may be forthcoming from commercial occupiers (e.g. offices, children's nurseries) for the buildings as existing.

The site is considered to be most suitable for residential development of traditional two, three and four bedroom houses and/or low rise apartments, either for private occupation or as student accommodation. Should high density schemes of three or more storeys be feasible then the values set out in section 11 could be enhanced.

The estimated prices achievable assume that market value sales would be undertaken on an unrestricted freehold basis with an affordable use sold on 125 year long leases.

Site values can be sensitive to abnormal ground conditions, site development costs, statutory financial contributions, affordable housing ratios, site configuration and the developable area; factors which can only be fully assessed during detailed due diligence.

It is assumed there to be no significant adverse ground conditions.

## 11.2 General

The site may be suitable for a variety of commercial uses and interest may be forthcoming from commercial occupiers (e.g. offices, children's nurseries) for the buildings as existing.

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The estimated prices achievable assume that market value sales would be undertaken on an unrestricted freehold basis with an affordable use sold on 125 year long leases.

In addition to assessing comparable land sales, the Councils appointed agents have also undertaken a 'high level' residual appraisal for the market housing values and adopted a per unit land value for the affordable schemes.

Site values can be sensitive to abnormal ground conditions, site development costs, statutory financial contributions, affordable housing ratios, site configuration and the developable area; factors which can only be fully assessed during detailed due diligence.

It is therefore assumed there to be no significant adverse ground conditions.

## 11.3 Options:-

**Option 1** - Sell with restriction for development of affordable housing via private treaty

This option would likely involve offers conditional upon planning consent for affordable housing.

The likely sale period would be 12-18 months (subject to planning consent)

**Option 2** - Sell with no restriction for development via private treaty

This option would invite unconditional offers only

The likely sale period would be 6 – 9 months

**Option 3** - Sell with no restriction for development (i.e. market value housing) via private treaty.

This option would invite offers conditional upon planning consent and unconditional offers.

The likely sale period would be 12-18 months (subject to planning consent)

## **12.0 Access to Information**

The background papers relating to this report can be inspected by contacting the report writer:

Name: Steve Plack

Designation: Senior Surveyor

Tel No: 01270 686131

Email: [steven.plack@cheshireeast.gov.uk](mailto:steven.plack@cheshireeast.gov.uk)