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**DISPOSAL OF SURPLUS LAND FOR NEW HOUSING**

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**Responsible Cabinet Members –  
Councillor Stephen Harker, Efficiency and Resources Portfolio  
and Councillor Chris McEwan, Economy and Regeneration Portfolio Holder**

**Responsible Directors –  
Paul Wildsmith, Director of Neighbourhood Services and Resources  
and Richard Alty, Director of Economic Growth**

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**SUMMARY REPORT**

**Purpose of the Report**

1. This report is to seek Cabinet's agreement to dispose of eight parcels of Council owned land, so that they can be brought forward for new housing development.

**Summary**

2. The disposal of eight sites is being proposed to help accelerate new housing delivery, to support economic ambitions and improve the wealth base of the community and the Council. It will also help make sure that new development takes place in a planned way, and help avoid causing communities and the Council the costs and problems over the longer term that can arise if development happens in less suitable locations. Releasing the sites identified in this report will also help ensure that the quality of place that makes Darlington distinctive and an attractive place to live and do business is safeguarded.
3. The eight sites identified are within the main urban area and on the urban fringe of Darlington. It is proposed that they be disposed of for private market and affordable housing over the short to medium term. This is: to help boost housing delivery in the short to medium term; as a means to generate capital receipts for the Council from land sales; New Homes Bonus payments and Council tax receipts; but also to help stimulate local jobs growth in the construction sector. It is in addition to land that it is proposed be developed for Council housebuilding, in the Housing Business Plan, being considered as a separate item on this Cabinet meeting agenda.
4. The proposed land releases will also help meet an immediate need for more new housing that has arisen because of a shortfall in new housebuilding against plan targets since the Council's Core Strategy was adopted in 2011. It will also help to provide an alternative source of housing land supply in the medium term, to offset a much reduced expectation of new housebuilding in the Town Centre Fringe and at Central Park, arising from viability issues and alternative demand for land for employment uses respectively.

5. The Council will also need to work with owners and potential developers of privately owned sites to ensure that enough land can be identified to meet housing need. This will be done through the local plan preparation process, and a report on this will be considered at a future meeting, following which consultations on any new proposed housing land allocations (private and council owned) will have to be carried out.
6. Disposal of the land identified in this report may, in some instances, need to be at 'less than best consideration'. This may need to be the case for some of the sites that are likely only to be attractive to Registered Providers (RP), for affordable housing led schemes.

## **Recommendation**

7. It is recommended that :-

- (a) The sites as indicated on the plans (a)-(h) at **Appendix 1** and listed in paragraph 30 be declared surplus to requirements and authority to dispose be granted, in line with the circumstances outlined in paragraph 36;
- (b) the Director of Resources be given delegated powers, in consultation with the Efficiency and Resources Portfolio holder, to make amendments to the site boundaries as considered appropriate, and to dispose of the sites in due course;
- (c) the Borough Solicitor be authorised to complete sale agreements as necessary;
- (d) the approach taken to bring forward suitable land within the urban area before land releases at the urban fringe, which reflects both the asset management and adopted Core Strategy locational priorities of the Council, be endorsed.

## **Reasons**

8. The recommendations are supported by the following reasons :-

- (a) to help accelerate housing delivery;
- (b) to support the wealth base of the community and the Council;
- (c) to help avoid the negative consequences for communities and the Council of new housing development that may otherwise come forward in less suitable locations;
- (d) to ensure the proper planning of the are;
- (e) in respect of recommendation (b), to take account of any site specific planning issues that may emerge following more detailed work on any of these sites;
- (f) to complete the disposal process; and
- (g) to ensure that land disposals support the locational strategy of the Council's adopted development plan.

**Paul Wildsmith**  
**Director of Neighbourhood Services**  
**and Resources**

**Richard Alty**  
**Director of Economic Growth**

## Background Papers

- (i) Making and Growing Places Preferred Options, DBC June 2013
- (ii) Darlington Core Strategy, DBC April 2011.

Guy Metcalfe, Extension 2735 and Valerie Adams, Extension 2477

S17 Crime and Disorder	The design of any new housing development subsequently proposed will take into account the need to design out opportunities for crime and anti-social behaviour, as per the Council's Design of New Development Supplementary Planning Document.
Health and Well Being	The design of any new housing development subsequently proposed will take into account the need to ensure there are local opportunities for children's play, kickabout, informal recreation and quiet enjoyment of greenspace.
Carbon Impact	The occupiers of subsequent development of the proposed land releases may add to the carbon emissions within the Borough, but the sites identified provide more opportunities for low/no carbon travel choices than many of the alternatives, and the Council can seek to secure higher levels of energy efficiency in these developments than on sites it does not own.
Diversity	The recommendation does not have any specific diversity implications. The proposed sites for disposal are recommended for housing to meet the needs of people on low, middle and high incomes alike.
Wards Affected	Central, Harrowgate Hill, Haughton North, Haughton West, Haughton East, Park East.
Groups Affected	Residents adjoining the sites identified in this report will be affected by the disturbance associated with housebuilding once further actions subsequent to this recommendation are implemented. They will have an opportunity to make comments on proposed schemes through pre-application consultations and when planning applications are submitted.
Budget and Policy Framework	This decision does not represent a change to the budget and policy framework.
Key Decision	Yes. It will result in the Borough Council securing capital receipts and subsequently New Homes Bonus and Council tax receipts that are significant having regard to the MTFP, and will have significant effects on communities living or working in an area comprising one or more wards in the Borough.
Urgent Decision	No.
One Darlington: Perfectly Placed	The recommendation will help to achieve One Darlington: Perfectly Placed's goal of increasing the supply and range of affordable housing, and improving generally the range and choice of housing. It will also help ensure that Darlington has attractive housing sites to bring in and retain the people that will help businesses grow and new ones to locate here.
Efficiency	This recommendation could reduce the time needed to determine planning applications and reduce appeals for new housing on less suitable sites. It could help the Council avoid award of costs at any planning appeals that may arise in relation to planning applications on less suitable housing sites.

## MAIN REPORT

### Purpose and Reason for this Report

9. This report is to seek Cabinet's agreement to dispose of eight parcels of Council owned land, amounting to 17.59ha, so that they can be brought forward for new housing development.
10. These disposals are being proposed now to help accelerate new housing delivery to support economic ambitions and improve the wealth base of the community and the Council. It will help make sure that new development takes place in a planned way, and will help avoid the negative consequences that could arise if development happens in less suitable locations, where it could cause communities and the Council costs and problems over the longer term. Releasing the sites identified in this report will also help safeguard the quality of place that makes Darlington so distinctive and an attractive place to live and do business.
11. The sites for which resolutions to dispose are now being sought are as follows, and the extent of each is indicated on the plans that appear at **Appendix 1**:
  - (a) about 2.46 ha land north of Red Hall;
  - (b) about 0.75 ha land at Glebe Road North;
  - (c) about 0.57 ha of land at Lime Avenue Open Space;
  - (d) about 0.32 ha land to the rear of Tyne Crescent;
  - (e) about 0.03 ha land at Upper Russell Street;
  - (f) about 0.31 ha of land to the rear of Bamburgh Place;
  - (g) about 2.66 ha of land at Alexander Street/Blackett Road;
  - (h) about 10.49 ha of land at Muscar House Farm;.

### Planning Context

12. Consultations were carried out on a draft portfolio of housing allocations (comprising both Council owned and other land) during the summer, as part of a wider consultation on the Local Plan Making and Growing Places (MGP) Preferred Options document. The draft housing allocations in that document were considered sufficient to meet the Borough's housing requirement of about 5800 new homes for the period 2011-2026. This requirement comes from the Council's Core Strategy Development Plan Document, adopted in May 2011, which is the strategic context for developing MGP policies.
13. New information that has emerged since the MGP Preferred Options document was prepared now needs to be considered. The loss of an anticipated £20 million of HCA investment in the Town Centre Fringe is the most significant of these. It adversely affects the viability, deliverability and proposed timing of planned new development in the Town Centre Fringe, including about 650 new homes envisaged by 2026. Although there are other streams of public funding that the Council will try to access, these are not likely to be enough to deliver all the flood mitigation, green infrastructure, land remediation, land assembly, transport infrastructure and removal of other development constraints (such as the gasholder) that is needed for the vision for the Fringe to be substantially realised by 2026.

14. As the deliverability of the MGP will be examined in due course, it is important that the amount of new housing that is planned for this area by 2026 is realistic. For the reasons above, this is now much less than originally envisaged, but it still needs to be as high as possible, because regenerating this area is a key locational priority of the Core Strategy. The area will still need to deliver up to about 300 new homes, if the detailed and site specific MGP policies are going to be in accordance with the strategic Core Strategy policies; if they are not, the Council risks having to review all its already adopted Core Strategy policies as well as the new detailed ones, and this would significantly delay completion of an up to date development plan.
15. All this means that land for about 350 new homes will need to be found elsewhere.
16. Furthermore, the recent interest in Central Park south for employment uses has raised the prospect of delivering more employment uses than previously assumed. Whilst there are options for further housing at Central Park South, there remain long term uncertainties in the housing market around delivery. In these circumstances, it is considered prudent to revise the target for housing to 400 new homes, a reduction of 100, to allow for either housing or employment scenarios without undermining the wider strategy for housing delivery.
17. This flexible approach to Central Park means that land for about 100 new homes will need to be found elsewhere.
18. Predicted shortfalls in these two areas alone therefore mean that new land for about 450 new homes will need to be identified through the local plan. There may also be a need to identify more housing land to compensate for any reductions in the amount and speed of anticipated new housing delivery on other sites, and to ensure that the housing numbers in the plan can be delivered, even if some of the sites do not come forward as envisaged. This can all be addressed by identifying and consulting on additional new draft housing land allocations through the local plan process, and a report on this will be prepared for Cabinet shortly.

### **The need for Council land disposals**

19. The need for Council land disposals now, in advance of the next stage of the local plan process, is so that the Council is in a position to be able to make a proportionate response to significant short term under delivery of new housing against development plan targets; by April 2014, it is expected that there will have been three years of under delivery of new housing since the Core Strategy was adopted in 2011 – only about 50-60% of the 1050 new homes planned for in that period are likely to have been completed.
20. The adopted Core Strategy indicates that where there is under delivery of new housing, additional housing land will be brought forward for development earlier, to help address this issue as soon as possible. A site cannot reasonably be put forward as a potential housing allocation unless it is available, and the test for this in respect of Council owned land is that a resolution to dispose has been agreed.
21. Efforts to address this shortfall of about 450 new homes need to begin now, because otherwise, the Council could be faced with having to set unrealistically high annual housing targets for all the remaining years of the plan period, at levels at or above the highest levels that were achieved in the Borough in 2006/07 and

2007/08, at the peak of the housing market immediately prior to the 'credit crunch'. If this happens, the Council's housing targets will continue to be unachievable, and the Council will be at risk of having to approve planning applications for new housing on unsuitable sites, on the grounds of there having been persistent under delivery.

22. The adopted Core Strategy indicates that where there is under delivery of new housing, additional housing land will be brought forward in accordance with the sequential approach to site selection, i.e. main urban area first, then modest numbers at urban fringe, and then modest numbers adjacent to the larger villages (Middleton St. George, Hurworth/Hurworth Place and Heighington).
23. Identifying more housing land will not necessarily result in new homes being built. The shortfall of new housing provision against plan targets has occurred despite there having been a five year supply of land available throughout this period; instead, it has been directly related to wider economic and housing market conditions, that have meant fewer developers and many fewer buyers have been able to get the affordable finance that they need to build and buy new homes. Recent Government initiatives such as Help to Buy have stimulated interest in the last few months, but locally, this has not yet been translated into a significant increase in sales, or upturn in house prices
24. Releasing suitable Council owned land is likely to be the most effective way of ensuring that new housing is built quickly on available sites, because clauses can be written into the contracts of sale that require key development stages to be reached within prescribed timescales. Similar requirements are very difficult to impose through planning conditions on sites that are not in the Council's ownership, and some developers may choose to 'land bank' private sites until there is more market activity and greater returns for them.

### **Council land disposals within the main urban area**

25. A number of Council owned sites within the main urban area already have resolutions to dispose in place. They are:
  - (a) land south of Newton Lane at Stag House Farm;
  - (b) land to the rear of Upsall Drive and to the rear of Blackwell Grange Hotel;
  - (c) Hartington Way/Bellburn Lane;
  - (d) Land at Carmel School;
  - (e) Hammond Drive;
  - (f) Rear of Scargill Shops;
  - (g) Eggleston View.
  - (h) Woodburn Nursery;
  - (i) Former Alderman Leach School Playing Field;
  - (j) Land at former Springfield School;
  - (k) Former Arts Centre, Vane Terrace.
26. Land at Back Greenwell Street is also currently subject to an option agreement in favour of an adjoining landowner, who is seeking to develop a Registered Provider (RP) led scheme on a site combining private and DBC land ownerships.

27. Sites (c), (i) and (j) in paragraph 25 above and sites (a) to (g) in paragraph 30 below are likely to be attractive to registered providers (RPs) for the provision of affordable housing schemes using HCA Affordable Housing Programme funding in the period between now and 2018, and the Council is working with RPs to ensure that as many suitable sites are brought forward in this way as possible, either as 100% affordable housing or part affordable, part private housing schemes. Not only will this help to meet affordable housing needs, but in recent years, these schemes have been a reliable source of new housing development, when other non public sector funded schemes have failed to progress.
28. Sites (e)-(g) in paragraph 25 above, together with land at Field Street, are being proposed for new build Council housing in the Housing Business Plan report elsewhere on this Cabinet meeting's agenda. An Investment Fund of £16m has been created within the Business Plan funded from Housing Revenue Account (HRA) surpluses which could provide around 160 new homes over the next 3 years. The Homes and Communities Agency (HCA) are announcing in January 2014 the criteria for Registered Providers such as us for applying to them for grant funding for the next 3 year period . At this stage it is unclear if local authorities will be eligible to bid but if, for example, we received average HCA grant of 20% this would enable us to build a total of 192 new homes .In the Autumn Statement the government announced the potential for Councils with a housing stock to also bid through Local Economic Partnerships for a relaxation on the borrowing cap. If our borrowing cap was lifted we could sustain £27m of borrowing which would mean 270 homes could be provided. It should be noted that the four sites currently identified for Council housing new build may only have capacity for about 75 new homes, so other Council owned sites would need to be considered if this was an option members wished to pursue. Once the amount of funding for Council house building is clearer Officers will review and report back to Cabinet on which sites, in addition to the four referred to above, provide the best options for Council housing.

### **Council Land Disposals at the Urban Fringe**

29. All of the above sites (excluding the former Arts Centre) have already been taken into account in meeting the Core Strategy housing requirement, and as such, appeared as draft housing allocations in the recent Making and Growing Places consultation document. This means that further land needs to be identified to address the issues outlined above. The Core Strategy indicates that sites within the urban area should be the first priority.
30. It is therefore proposed that land in the following locations be released for new housing development:
- (a) land north of Red Hall (**Appendix 1a**);
  - (b) Glebe Road North (**Appendix 1b**);
  - (c) land at Lime Avenue Open Space (**Appendix 1c**);
  - (d) land to the rear of Tyne Crescent (**Appendix 1d**);
  - (e) land at Upper Russell Street (**Appendix 1e**);
  - (f) land to the rear of Bamburgh Place (**Appendix 1f**);
  - (g) land at Alexander Street/Blackett Road (**Appendix 1g**);
  - (h) part of Muscar House Farm in the Whinfield area (**Appendix 1h**).

31. The land identified for disposal at Red Hall is capable of accommodating about 60 new homes. It has been identified following consideration of the comments received from the public and others regarding the land and its relationship to the wider Red Hall area during consultation over the summer. It will allow a playing field to be retained close to the community centre, and is sufficiently limited in scale to accord with planning constraints arising from conservation area (Haughton) designation and flood risk, biodiversity and green infrastructure issues associated with the River Skerne corridor.
32. The land at Glebe Road North is currently being considered for disposal to a Registered Provider (RP) for 34 new homes by April 2015. Sites (c), (d), (e) and (g) at paragraph 30 above are all being promoted to RPs for 100% new affordable housing, in the period 2015-18 (see paragraph 27 above), whilst sites (a) and (f) in paragraph 30, as well as sites (i) and (j) In paragraph 25 are proposed for disposal for joint private sector and affordable housing, in a timescale that enables interested Registered Providers to bid for HCA Affordable Housing Programme funding for 2015-18.
33. Taken together, sites (a) to (g) in paragraph 30 have the potential to deliver about 200 new homes, taking into account the specific planning requirements for some of the sites. These specific requirements include:
  - (a) for land to the rear of Bamburgh Place, the provision of a usable area of open space at least equivalent to the area of the site within the wider proposed development area, and linked to Bamburgh Place by accessible footpath/cycle route;
  - (b) for land at Alexander Street/Blackett Road, inclusion within any scheme of usable open space of at least the same size and similar dimensions as the existing rectangular grassed area to the rear of the properties fronting Haughton Road;
  - (c) for land at Lime Avenue Open Space, part of the receipt from the sale of land be spent on making improvements to the remaining open space on the site.
34. The Core Strategy indicates that if not enough suitable sites can be found within the urban area, then modest numbers of new homes in appropriate locations at the urban fringe could be considered. Part of the land at Muscar House Farm, which could accommodate about 80-90 new homes, is one such site. The land indicated for disposal avoids land which should continue to be safeguarded for a 50 plot extension to the Barmpton Lane allotments, as proposed in draft Policy MGP23 of the Making and Growing Places Preferred Options document. Any proposed development will need to include a significant buffer zone along the key green infrastructure and wildlife corridor associated with the River Skerne. It would need to avoid areas at risk from flooding, and highway improvements to Barmpton Lane are likely to be needed. Any development would also need to include play space, retain hedges where possible, and include linkages to the public rights of way network.

### **Role of privately owned sites and next steps**

35. To further help address under delivery of new housing against the Core Strategy targets, and future likely lower housing numbers at Central Park and Town Centre Fringe, a number of additional small scale privately owned sites within the urban



area may need to be identified, and if necessary, a number of other modest urban fringe sites may also need to be identified at the next stage of local plan preparation. These sites will be the subject of a subsequent report to Cabinet, to complement this report. Consultations will need to take place on the new sites that are identified as draft allocations in both these reports as soon as possible in the Spring, to ensure local plan preparation is not unduly delayed, and to ensure that there have been opportunities for people to make their views known and for their views to have been considered by the Council, prior to the document being submitted to the Government for independent examination.

## **Financial Implications**

36. The proposed land releases will help generate higher and larger capital receipts for the Council than previously envisaged, though some disposals to Registered Providers may need to be at less than full market value to ensure that viable developments can be brought forward in the necessary timeframe, in order to secure HCA funding. In connection with this, the Council may also need to consider disposing of some sites at less than best consideration, in line with Section 123 of the Local Government Act 1972. At this stage, it is not anticipated that this will be outside of the Council's General Disposal Consent, but a further report to Members may be required on this matter when the sites have been marketed and discussions with Registered Providers and developers have progressed. The costs of the marketing and sale of the surplus property will be met from the capital receipt. The remainder of the final capital receipt will be available to the Council for use within its capital programme.
37. The proposed land releases could also help to bring in higher New Homes Bonus (NHB) receipts than previously envisaged, as there is a provision in the draft Medium Term Financial Plan that identifies that additional receipts from NHB and/or business rates to the value of £1.5 million are required to contribute to the identified shortfall in the budget.

## **Consultation**

38. Only Glebe Road North and land to the rear of Bamburgh Place were in the Making and Growing Places Preferred Options report, on which consultations were carried out during Summer 2013. The remaining sites that are capable of accommodating six or more new homes will therefore need to be subject to public consultations if they are to be included in a revised MGP housing allocations policy in due course.