

QUESTIONS TO CABINET MEMBERS

Question Number	Question asked by Councillor:	Subject
CABINET MEMBER FOR HOMES & GATEWAY SERVICES Councillor Alison Butler		
CQ014-19	Redfern, H	Value of land on Montpelier Road and Kingsdown Avenue

CQ014-19 from Councillor Helen Redfern**Councillor Alison Butler**

In response to PQ024-18, you stated that in relation to the land on Montpelier Road and Kingsdown Avenue to be developed by Brick by Brick "a best consideration land valuation was undertaken for the sale." However, recent media reports indicate that the price received by the London Borough of Croydon for the land was just £1. Would you confirm whether this amount is correct and how the sum paid meets the principle set out in section 123(2) of the Local Government Act 1972 that "a council shall not dispose of land...for a consideration less than the best that can reasonably be obtained".

Reply

Valuations for each of the Brick by Brick sites were carried out with regard to the planning consents in place for the site. However, as the initial sites released to Brick by Brick were linked from a planning perspective to ensure delivery of approximately 50% affordable housing across the initial Tranche 1 properties collectively (rather than as individual sites), this was also factored into the valuation for each site.

The valuations for the sites may therefore not only reflected the gross development value for the properties being developed for the particular scheme but also a "commuted" payment deduction to help offset sites that had a higher percentage of affordable units or would otherwise be uneconomic to develop due to the requirement for the overall 50% affordable housing. This valuation approach was considered acceptable given the clear planning links between the various sites.

The valuation methodology reflected the gross development value for the properties, tendered construction costs, professional fees and other standard construction cost such as finance costs, developers profit and contingency costs thereby adopting a standard valuation approach to arrive at the site value.

In addition, and to ensure compliance with the Council's requirement to secure best consideration for the site, all the transfers to Brick by Brick contain an overage clause and open book examination of actual costs/values on completion of the development that allows 100%

clawback of any additional profit. This is an upward only provision so there is no risk to the Council. This ensures that the Council maximise the value for each site bearing in mind the requirement for an average of 50% affordable housing across the tranche 1 sites.