

Part A For General Release

DELEGATED DECISION REPORT :	Cllr Simon Hall Cabinet member for Finance and Treasury
AGENDA ITEM:	Not applicable – public report to Cabinet Member
SUBJECT:	Sale of Garage Site at the Lawns SE19
LEAD OFFICER:	Richard Simpson Executive Director and s151 Officer
CABINET MEMBER:	Cllr Simon Hall Cabinet member for Finance and Treasury Cllr Alison Butler Deputy Leader (Statutory) and Cabinet Member for Homes, Regeneration and Planning
WARDS:	Upper Norwood
CORPORATE PRIORITY/POLICY CONTEXT:	
<p>Manage Need and Grow Independence –the new units will help to relieve pressure on housing set out in the Corporate Plan</p> <p>The proposal will also help to contribute towards improving health and wellbeing through decent homes</p>	

FINANCIAL IMPACT
The potential disposal will generate c£680k capital receipt and provide six new residential units. There will be a loss of £10,750pa due to the removal of the garage income.
FORWARD PLAN KEY DECISION REFERENCE NO.: not a key decision

The Leader of the Council has delegated to the Cabinet Member for Finance and Treasury the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

That the Cabinet Member for Finance and Treasury, in consultation with the Leader of the Council is recommended to:

1.1 agree that the Council dispose of the garage site at the Lawns estate identified within this report for a small development of private residential family units.

1.2 Agree that the Executive Director Resources and s151 Officer be given delegated authority, in consultation with the Cabinet member for Finance and Treasury to make any amendments to the terms of the disposal considered necessary after the decision has been made.

1.3 Note that where any minor amendments are made under this delegation, the amended terms for the disposal will be published on the Council's website within 1 month of completion of the agreement.

2. EXECUTIVE SUMMARY

2.1 This report recommends the freehold sale of a garage block comprising of 22 units serving the Lawns estate. The developer, Lightbox, has been identified as a suitable partner through the Development Team and they have completed a number of good quality private developments within the South London area.

3. DETAIL

3.1 The garages are currently let to residents and private individuals in and around the Lawns Estate although are not contained within any residential agreements. The estate has on street parking and therefore the removal of these garages is not seen as a major issue.

3.2 There are 22 garages, 8 of which are vacant and in need of repair, 11 are let to private individuals and 3 to council tenants. The total annual income is currently £10,750. The agreements can be terminated by giving 1 weeks notice as a minimum.

3.3 The land was originally identified within the wider land search for Brick by Brick (BxB) sites although following further work by BxB it was not deemed suitable due to its limited size. It was initially introduced to Lightbox by the Development Team due to other similar high quality developments that the company have undertaken in the South London area.

3.4 Extensive discussions and negotiations have taken place subsequently and a detailed appraisal submitted by Lightbox. The level of the bid is considered to represent best value. All development costs and the gross development values are in line with current market levels and tested against other development sites that are currently being disposed of. The terms of the sale are therefore considered to be fair and reasonable and comply with the requirements to achieve best value for any disposals under section 123 of the Local Government Act 1972.

3.5 Terms have provisionally been agreed for an Option Agreement for the freehold sale of the land to Lightbox. The details of the Option Agreement are set out in Part B of the report but include overage provisions and require the developer to liaise with local residents to agree a community scheme to be carried out up to the value of £5,000 subject to Council approval.

4. CONSULTATION

4.1 Consultation with local ward councillors has take place

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

The sale of this site will generate a capital receipt of c£680k and provide 6 new much needed residential units in the borough.

As a result of the sale there will also be a reduction of income earned from rents of approx. £10.75k per annum.

1. Risks

As this is a conditional offer there is a potential risk that suitable planning may not be granted and therefore the sale will either not take place or will be at a reduced amount if the number of houses is reduced.

If a better than expected planning decision is obtained or the value of the properties significantly increases the option contains overage provisions to claw back a percentage of the increase

2. Options

The site has been reviewed and rejected by Brick by Brick as not being viable. The site could be retained for garage or parking use but this produces a fairly low income of £10,750pa and the use is fairly management intensive. The garages are also in need of repair and therefore a capital investment would be required in the near future if the existing use is to be maintained.

The use of the site to develop purely affordable units is not viable due to the relatively high build costs and relatively low gross development values.

3. Future savings/efficiencies

The sale will generate a capital receipt for the Council and reduce future maintenance and management costs associated with the garages

Approved by – Lisa Taylor:- Director of Finance, Investment and Risk and Deputy S151 Officer

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

6.1 The Council Solicitor comments that in agreeing the basis of the disposal, the Council must be satisfied that it is receiving a fair market value for the asset. The best consideration test and requirements are set out in section 123 of the Local Government Act 1972.

(Approved by: Sean Murphy, Principal Corporate Solicitor (Regeneration) on behalf of the Director of Law and Monitoring Officer)

7. HUMAN RESOURCES IMPACT

7.1 There are no human resources impacts in respect of this transaction.

8. EQUALITIES IMPACT

8.1 An initial equality impact assessment has been undertaken and determined that:

- No major change - the Equality Analysis indicates that the proposal to sell the site containing 22 garages at The Lawns, SE25 will provide new accommodation for families in good quality housing. The proposal will have a positive impact on the area as the housing will be replacing garages that are in a poor general condition, the majority of which are let to private tenants or are vacant.

9. ENVIRONMENTAL IMPACT

9.1 The redevelopment of the garages will provide a positive environmental improvement to the area through better construction. The properties will be built in line with modern standards and reflecting energy efficient designs and equipment.

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 The buildings will greatly improve the area removing a garage block in generally poor order together with open land areas that can attract anti social activity. The housing will provide good family accommodation which is likely to improve the general security of the area.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

The sale of the land will not only secure a capital receipt but will also help to provide much needed family housing units and help encourage the mix of private and social housing in this area.

12. ALTERNATIVE OPTIONS CONSIDERED

The only alternative viable option is to retain the existing garage block and following some capital expenditure look to increase the income through additional lettings. This would however be management intensive and produce low levels of return against the potential capital receipt.

The option to develop the site through Brick by Brick and provide private rented or shared ownership accommodation has been considered but was not considered viable for this site.

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BACKGROUND PAPERS: none