
REPORT FOR: CABINET

Date of Meeting:	21 June 2018
Subject:	Property Disposal - 27/29&31 Masons Avenue Wealdstone
Key Decision:	No
Responsible Officer:	Paul Walker, Corporate Director of Community
Portfolio Holder:	Councillor Keith Ferry, Portfolio Holder for Regeneration, Planning and Employment
Exempt:	No except for Appendix 1 which is exempt under paragraph 3 of Schedule 12A to the Local Government Act 1972 - information relating to the financial or business affairs of any particular person
Decision subject to Call-in:	Yes
Wards affected:	Marlborough
Enclosures:	Appendix 1 - Exempt Appendix

Section 1 – Summary and Recommendations

This report sets out proposals for the disposal of 27/29&31 Masons Avenue during the current financial year 2018/19 as detailed below.

Recommendations:

Cabinet is requested to

- 1) Note the proposed sale price and financial implications detailed in Exempt Appendix 1 of this report at less than best consideration;
- 2) Authorise the Corporate Director of Community, following consultation with the Portfolio Holder for Regeneration, Planning and Employment, to take all appropriate action to complete the disposal at the price reported in the Exempt Appendix of this report and on appropriate contractual terms.

Reason:

The extent of the proposed re-development is now recognised and the sale of the property will facilitate a large residential development to include a significant proportion of affordable homes.

Section 2 – Report

Background

In November 2016 Cabinet authorised the disposal of eight properties including Masons Avenue at best consideration. This investment property comprises three light industrial units let on leases together with an Advertising Hoarding licence and produces an aggregate annual rent of £50,000pax. Additionally there is a large yard / parking area part of which is underneath George Gange Way fly over and which has limited development potential. Cabinet agreed that the property be sold to Origin Housing for a redevelopment scheme.

The Origin Housing development is a significant development comprising 187 flats approximately 75 being Affordable together with 1165m² of office accommodation and 695m² of commercial / community space. Origin Housing require the Masons Avenue property and site to enable pedestrian circulation space between their proposed residential blocks which are to be constructed on Palmerston Road either side of George Gange Way and additionally for rear access for emergency vehicles to the development off Masons Avenue. The sale will include some small strips of land along the western frontage of George Gange Way and Palmerston Road which will be required by the developer to improve the public realm and the provision of a publicly accessible footpath to be maintained at the developer's expense.

The Origin Housing development will contribute to the wider regeneration of the Wealdstone area and will bring substantial economic and social benefits to the area.

The November 2016 Cabinet report proposed that the property would be sold at best consideration, being the existing use investment value. Planning

consent for the development was granted in June 2017 with a S106 agreement requiring re-provision of the employment space amounting to 1165m² GIA, which would be lost as a consequence of the development, on the Palmerston road sites. Without acquiring the Masons Avenue site, Origin Housing would have to provide this space on its existing site thereby reducing the scale of the residential content by the equivalent employment space.

Accordingly this condition and the fact that the developer can comply with 31% of the S106 obligation by building this on the Masons Avenue site, without demolishing any of the existing buildings, required a further valuation of the property to assess the marriage value of the additional benefit the Masons Avenue site would provide to Origin.

The market value is now more accurately represented by the investment value, as previously reported by the Council's valuation consultants, plus an appropriate element of the marriage value.

The developer had already planned its development proposals based on the investment value and consequently, did not include any assessment for marriage value. The Council is prepared to accept this offer given the importance of the development to the regeneration objectives and benefits that the S106 agreement brings.

Appendix 1 sets out the estimated marriage value and the resulting undervalue at which the property is intended to be disposed. The Council's constitution requires that any proposed sale of property at less than best consideration requires Cabinet authority.

Performance Issues

Disposing of the property, even at less than best consideration, will have a positive impact by assisting the Council to achieve its Housing target under the London Plan of 593 homes per year.

Environmental Implications

The proposal does not conflict with relevant environmental legislation and no environmental impact assessments are considered necessary.

The development resulting from the sale of this property will provide the opportunity for a developer to build to modern standards with good insulation, renewable energy technologies and efficient heating, heating controls and lighting. This would result in lower carbon emissions and reduced running costs.

Risk Management Implications

There is a risk that the development does not occur after the sale of the property, however, the Council will enter into an option to acquire the property back from Origin in the event that the development is not commenced within an agreed time limit.

Risk included on Directorate risk register?

No, but will be monitored via the Directorate's monthly revenue monitoring processes.

Options considered

Option1 – Retain the property

The property provides secure income for the Council and would continue to do so for the foreseeable future. However retention of the property would act as a barrier to the regeneration of Wealdstone generally and to Origin Housing's development in particular.

Option 2 – Sell the property at best consideration

Origin increases their offer and this could result in either a reduced scale of development or less efficient / attractive design.

Option 3 – Sell the property at less than best consideration ignoring any marriage value

The sale at less than best consideration will result in a significant regeneration project supported by the GLA and with economic and social benefits for the borough.

Recommendation

Option 3 is recommended in view of the significant tangible economic and social benefits outweighing the relatively small undervalue.

Risk Management Implications

It is a risk that the development does not occur after the sale of the property however legal conditionality will require the property returned in the event that the development is not commenced within an agreed time limit.

Risk included on Directorate risk register? No, but will be monitored via the Directorate's monthly revenue monitoring processes.

Procurement Implications

There are no procurement implications.

Legal Implications

Section 123(1) of the Local Government Act 1972, provides the Council with the power to dispose of land and property, provided such disposition is made for the best consideration reasonably obtainable.

However, the General Disposal Consent 2003 removes the requirement for authorities to seek specific consent from the Secretary of State for any disposal of land where:

the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of:

- i) the promotion or improvement of economic well-being;
- ii) the promotion or improvement of social well-being;
- iii) the promotion or improvement of environmental well-being; and

the “undervalue” (i.e. the difference between the unrestricted value of the interest to be disposed of and the consideration accepted) is £2,000,000 or less

Where the case does not fall within the terms of the Consent: an application to the Secretary of State for a specific consent is required.

Valuations both internal and external of the property confirm that the undervalue is less than £2,000,000.

Financial Implications

The proposed disposal highlighted in this report will generate a capital receipt for the Council. The asset has been reviewed and considered as suitable for disposal and the proposed sale figure is shown in Exempt Appendix 1.

The capital receipt will be applied under the capital flexibilities regulations and will contribute towards the £2.7m already built in the 18/19 budget.

Equalities implications / Public Sector Equality Duty

Section 149 of the Equality Act 2010 requires that public bodies, in exercising their functions, have due regard to the need to (1) eliminate discrimination, harassment, victimisation and other unlawful conduct under the Act, (2) advance equality of opportunity and (3) foster good relations between persons who share a protected characteristic and persons who do not share it.

Was an Equality Impact Assessment carried out? - No

There is no requirement to carry out an equalities impact assessment for the property proposal, the subject of this report, because the impact of implementing the proposal has either been cleared by the service provider in the case of closing down a service or is consistent with Corporate Estates existing strategy for the disposal of land and buildings which has been subject to an equalities impact assessment and which identified no adverse equality impact issues.

Council Priorities

The decision requested of Cabinet will support the key aim and Vision of the Council - Build a Better Harrow – by facilitating the construction of new and

better housing and incorporates the administrations priority of making a difference for the vulnerable by the provision of a policy compliant affordable housing element.

Section 3 - Statutory Officer Clearance

Name: Jessie Man	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 10 May 2018		
Name: Matthew Dineen	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 22 May 2018		

Section 3 - Procurement Officer Clearance

Name: Nimesh Mehta	<input checked="" type="checkbox"/>	Head of Procurement
Date: 3 May 2018		

Ward Councillors notified:	YES
EqIA carried out:	NO
EqIA cleared by:	Reason contained in main body of the report under heading Equalities Implications

Section 4 - Contact Details and Background Papers

Contact: Andrew Connell
SM Strategic Asset Management
D/L 0208 424 1259
Email: andrew.connell@harrow.gov.uk

Background Papers: Property Disposal Programme 2016-2017 Cabinet Report

<http://www.harrow.gov.uk/www2/ieListDocuments.aspx?CId=249&MId=64137&Ver=4>

**Call-In Waived by the
Chair of Overview and
Scrutiny Committee**

NOT APPLICABLE

[Call-in applies]