

CABINET

On 14th September 2010

Report Title. **Disposal of Commercial Properties**

Report of the Director of Corporate Resources

Signed

Date

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Wards(s) affected:
Woodside & Tottenham Green

Report for: **Key Decision**

1. Purpose of the report

- 1.1 To seek Cabinet authority for the disposal of the Council's commercial properties on Lymington Avenue, Wood Green, N22 together with the adjoining residential assets along Noel Park Road for regenerative development and to realise capital receipts from these under-utilised assets.
- 1.2 To seek Cabinet authority for the proposed redevelopment and future disposal of the Council's freehold commercial property interests at Gourley Place, Seven Sisters Road, Tottenham, N15 to achieve regeneration outcomes for the borough and realise capital receipts from this opportunity site.

2. Introduction by Cabinet Member

- 2.1 The disposal of these commercial properties will see renewed commercial units, new housing and environmental improvements as well as capital receipts.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

- 3.1 Council Plan Priorities:
 - A Thriving Haringey

- Delivering High quality, efficient services

4. Recommendations

- 4.1 Authorise the Head of Corporate Property Services to dispose Site A Lymington Avenue, Wood Green, N22, on terms to be agreed in consultation with the Cabinet Member for Finance and Sustainability subject to:
- 4.1.1 Exempt information
 - 4.1.2 Exempt information
 - 4.1.3 Exempt information
- 4.2 Authorise the Head of Corporate Property Services to dispose Site B Lymington Avenue, Wood Green, N22, on terms to be agreed in consultation with the Cabinet Member for Finance and Sustainability subject to:
- 4.2.1 Exempt Information
 - 4.2.2 Exempt information
 - 4.2.3 That the Council enter into a collaboration agreement with the special purchaser to work together for the evaluation, master planning and comprehensive regeneration of land at Seven Sisters Road, Gourley Place and Durnford Street.
 - 4.2.4 That the commercial income budget within property services be reduced down by £89.5k as part of the 2011/12 budget planning process to reflect the loss of these properties. That the lost income within the Housing Revenue Account budget of £32.5k is also addressed as part of the 2011/12 budget planning process.

5. Reason for recommendation(s)

- 5.1 The sites offer redevelopment and regeneration opportunities and their disposal will stimulate regeneration and generate a significant capital receipt which can be re-directed towards achieving the Council priorities

6. Other options considered

- 6.1 The Council has considered retention of these sites however it is not recommended for the reasons stated within the report
- 6.2 In the case of Lymington Avenue Site A consideration was given to development of community and public service facilities but it has been confirmed that there are no specific financially viable proposals.

6.3 In the case of Gourley Place, as an alternative to the proposed collaboration agreement, the option of a joint venture with the 'special purchaser' was considered. However, this would require an upfront investment by the Council and at this stage this is seen as speculative and high risk. It is also likely to require a lengthy and complex process and is not recommended.

7. Report

7.1 Lymington Avenue

7.1.1 The Council owns commercial properties (retail) on both sides of Lymington Avenue from the intersection of Noel Park Road/Bury Road as shown on the attached plan at Appendix 1.

7.1.2 The shop units on the north side are prefabricated retail buildings and due to their poor condition a number of these are no longer fit for occupation. The Council has further property interests immediately behind the shop units to the north of Noel Park Road which comprises of six residential bungalows which were erected for a short term use and also in poor condition. It has long been recognised that this site (marked as Site A) requires environmental improvement. In summary the current properties are under-utilised, in poor condition, uneconomic to improve and in planning terms the site offers an excellent opportunity for regenerative development.

7.1.3 The commercial properties on the opposite side comprise of retail units at ground level and a mixture of residential and storage above. Marked as Site B, in the main the properties are of permanent or semi-permanent construction and in parts nearing economic obsolescence. This site therefore has development potential to provide small scale local regeneration and enhance the site valuation, thereby raising capital receipts for the Council if disposed.

7.1.4 The redevelopment of these sites is an opportunity to bring forward redevelopment on the site within proximity to the main shopping street. Lymington Avenue is located within the identified Metropolitan Town Centre.

7.1.5 The sites are currently identified in the Unitary Development Plan (2006), and the Wood Green Town Centre Supplementary Planning Document for mixed use retail, residential and community uses. It is further identified in the emerging Local Development Framework, Draft Site allocations Development Plan Document, for mixed use retail, residential and community uses

7.1.6 Until recently the Council was considering alternative uses for the land on Site A but it has now been confirmed that the priority for this site must be redevelopment to generate housing whilst redeveloping the retail units. It is envisaged that between 45 -60 residential units and approximately 900 M² of commercial floor space could be developed on the site. It is proposed that prior to disposal a site

specific planning brief is obtained so that the Council can influence the regeneration outcomes to optimise housing, community and capital receipts. The timeline for development is estimated to be 2-3 years.

7.1.7 Site B is more straightforward and can be marketed immediately on the basis of the exiting planning brief.

7.1.8 The current total income expectation by the Council for the commercial and residential properties is circa £122,000 per annum. If the decision is made to dispose of these properties the Council will not receive this income but instead it will receive the net disposal proceeds.

7.1.9 Exempt Information

7.2 **Gourley Place**

7.2.1 This site is made up of a mixture of commercial uses including offices, light industrial, motor repair and services. The Council owns a substantial freehold interest but not the whole. The attached plan extract at Appendix 2 details the Council's freehold ownership of the site and also details the ownership of a developer who has acquired freehold and leasehold interests as well as options to purchase.

7.2.2 The site is of mixed condition and mainly being of two/three storey it presents a redevelopment opportunity to achieve regeneration outcomes for the borough and realise capital income for the Council (and the developer and other parties holding property interests on the site).

7.2.3 The developer seeking to develop the site has been in discussion with the Council since 2008 has prepared an indicative scheme comprising 257 residential units and 2,415 M² (25,995 sq ft) of commercial space. The number of residential units proposed is to be policy compliant in relation to private and affordable i.e. 50/50 by habitable rooms. Planning guidance at the time was that the scheme was felt to be too intensive and therefore the developer has been asked to revisit his proposed scheme

7.2.4 In view of their property interests on this site the developer can be treated as a special purchaser as this will result in the Council obtaining a higher value for the property interest than selling it on the open market. This is because potential purchasers would not be able to realise the full development value without having secured the benefit of these ownerships.

7.2.5 It is proposed to enter into a collaboration agreement with the developer whereby the Council undertakes not to place the properties on the open market in consideration of the developer preparing a viable development scheme at their own cost and risk. The proposed agreement requires the Council and the developer to work together for the evaluation, master planning and comprehensive

regeneration of land at Seven Sisters Road, Gourley Place and Durnford Street. Upon successful conclusion of this activity the Council will agree to treat the developer as a 'special purchaser' and negotiate a commercial deal subject to a satisfactory sign off as being best consideration.

7.2.6 The proposed agreement is limited to a 12 month term and can be terminated by serving one week's notice by either party. The overall timeline from inception to completion of the development is estimated to be 4-5 years.

7.2.7 The current total income expectation by the Council is circa £105,500 per annum. If the decision is made to dispose these properties the Council will not receive this income but instead it will receive the net disposal proceeds. At present it is not possible to assess the likely capital receipts from the disposal of Gourley Place as it will be dependant on the redevelopment scheme that is achievable and the developer's costs for assembling all the land interests and construction. It is expected that the capital income will be considerably greater than the capital value of the existing use of the Council's property interests. The final recommendation to dispose of the Council's property interest to the "special purchaser" or on the open market value will be made in the context of this pre-development assessment.

7.2.8 Exempt Information

7.2.9 Exempt Information

8. Chief Financial Officer Comments

8.1 These disposals fall within the Council's capital receipts/disposal programme in support of the Capital Budget.

8.2 Under current policy capital receipts are managed corporately and applied in accordance with the financial and business planning process. Any diversion from this principle will need to be explicitly approved by Members. A recent review of the Council's capital programme outlined the very challenging position in respect of actual and forecast capital receipts. These sites were not part of the original disposal programme for 2010/11 and the expected receipt from Site B Lymington Avenue this financial year will relieve some of the pressures in respect of capital resources for 2010/11.

8.3 The disposals, if approved, will have revenue implications in that the sites currently produce rental income that will no longer be available.

8.4 The annual rental income for the Lymington Avenue sites within property services commercial portfolio (general fund) is £89.5k. It is recommended that the income budget is adjusted down as part of the 2011/12 planning process to reflect the loss of these properties. The annual rental income to the HRA from the Lymington Avenue site is £32.5k. Again it is recommended that this is addressed as part of

the 2011/12 planning process.

- 8.5 It should be noted that the property services commercial portfolio income budget will need to be further adjusted down by £105.5k at a later date when the disposal of Gourley Place site is eventually completed in 4 to 5 years.

9. Head of Legal Services Comments

- 9.1 Site A and B Lymington Avenue are held jointly between housing and planning powers. Nos 1-6 Noel Park Road (demountables) and Nos10 and 12 Lymington Avenue are held for housing purposes and the Council can dispose in any manner it wishes but must first obtain the consent of the secretary of state. The Secretary of State has issued a number of general consents, once the terms of the disposals are known the Head of Legal Services must be consulted to determine whether or not specific consent will be required or whether the disposal will falling within any of the general consents.
- 9.2 The rest of Site A and B, Lymington and the Gourley Place Site is held for planning purposes. The Council must obtain the best consideration that can reasonably be obtained and can dispose of these land to such person, in such manner and with such condition in order to:
- 9.3 secure the best use of that land or other land and any buildings or works which have been or are to be erected, constructed or carried out on the land; or
- 9.4 secure the erection, construction or carrying out on it of any buildings or works which is needed for the proper planning of the area.
- 9.5 The Council must re-house any secure residential tenants by finding them suitable alternative accommodation.
- 9.6 Cabinet should note that the special purchaser is an overseas registered company and that the Collaboration Agreement can be terminated at serving on week's notice by either party. However, any subsequent legally binding agreement must be enforceable within this jurisdiction and may also require some form of guarantee.

10. Assistant Director for Strategic & Community Housing

- 10.1. The proposals for Gourley Place and Lymington Avenue are based on regeneration opportunities and are supported by Strategic and Community Housing Services in light of the proposals for additional affordable housing. This will support the Council's strategic aims set out in the Housing Strategy 2009 – 2019 and the emerging Borough Investment Plan 2010, and help the Council

achieve its annual target for affordable homes of 340 units (NI 155).

11 Equalities and Community Cohesion Comments

- 11.1 Equalities Impact Assessments will be prepared for each of the proposed developments and a communications and consultation strategy will be implemented at the appropriate time.
- 11.2 The disposal and development of these site will enable the following ;-
- a) New residential and commercial units providing homes and employment to the wider community.
 - b) Raising of capital receipts that can support Council objectives benefiting the wider community in Haringey

12 Consultation

- 12.1 All stakeholders and statutory consultees will be consulted as required at their appropriate stages.

13 Comments from the Assistant Director (Planning and Regeneration)

Lymington Avenue

- 13.1 The redevelopment of Lymington Avenue is supported in the Council's adopted and emerging planning policy. The site is identified within the Council's Unitary Development Plan 2006 (UDP), [Site Specific Policy 10] and the Wood Green Supplementary Planning Document as a mixed use development for retail/residential and community uses. A planning brief for Lymington Avenue was adopted in 2003 and sets out the planning policy aims and objectives for the site.
- 13.2 The site is also identified in the emerging Local Development Framework (LDF) draft Site Allocations Development Plan Document (DPD) 2010, for a mixed use development including retail, residential and community uses.

Gourley Place

- 13.3 The redevelopment of Gourley Place is supported within the Council's adopted and emerging planning policy. The site is identified within the Councils UDP (SSP 28) for mixed use development including employment and residential.
- 13.4 Gourley Place falls within the Seven Sisters Corridor Growth Area within the emerging Core Strategy (Pre-submission document 2010). The Core Strategy identifies the Seven Sisters Corridor as a growth area able to provide a number of jobs and new homes for Haringey. The redevelopment of Gourley Place is a key

site within this Corridor and is identified within the draft Site Allocations DPD for mixed use development including employment and residential.

13.5 The Site Allocations DPD will be subject to further consultation in 2011 and once adopted will supersede the identified sites schedules in the UDP. Any proposals brought forward for the two sites will be considered against the adopted planning policy framework applicable at the time a planning application is submitted.

14 Use of appendices /Tables and photographs

14.1 Appendix 1

OS Plan detailing Site A and B Lymington Avenue , Wood Green N22

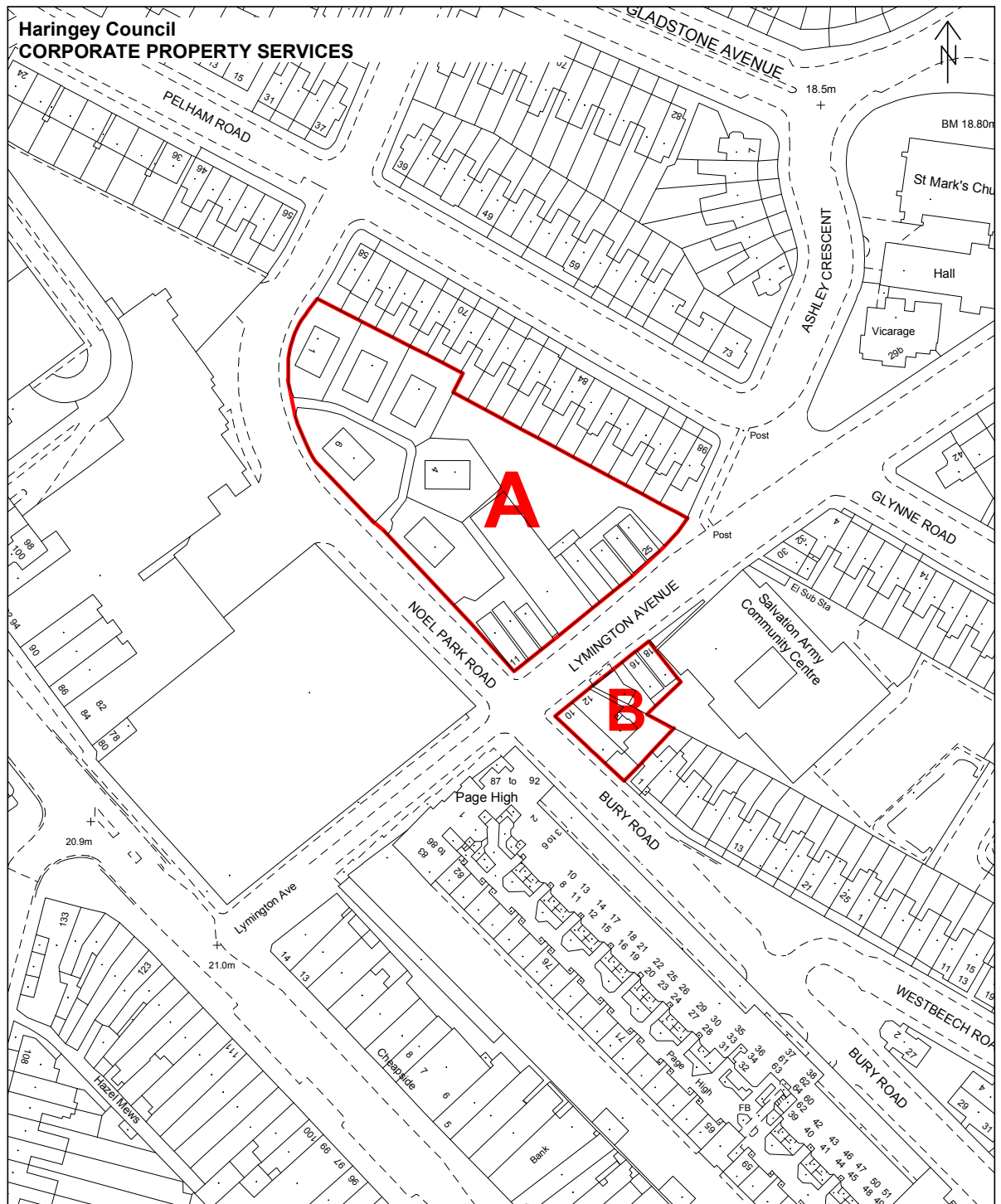
14.2 Appendix 2

OS Plan detailing Gourley Place Redevelopment Site

15 Local Government (Access to Information) Act 1985

15.1 This report contains exempt and non-exempt information. Exempt information is contained within Appendix A and is not for publication. The exempt information is the following category (identified in the amended schedule 12A of the Local Government Act 1972).

Information relating to the financial or business affairs of any particular person (including the authority holding that information)



Site A + B
Lymington Avenue
Wood Green
LONDON
N22

Deed document no. :

LR title no. :

CPM No.

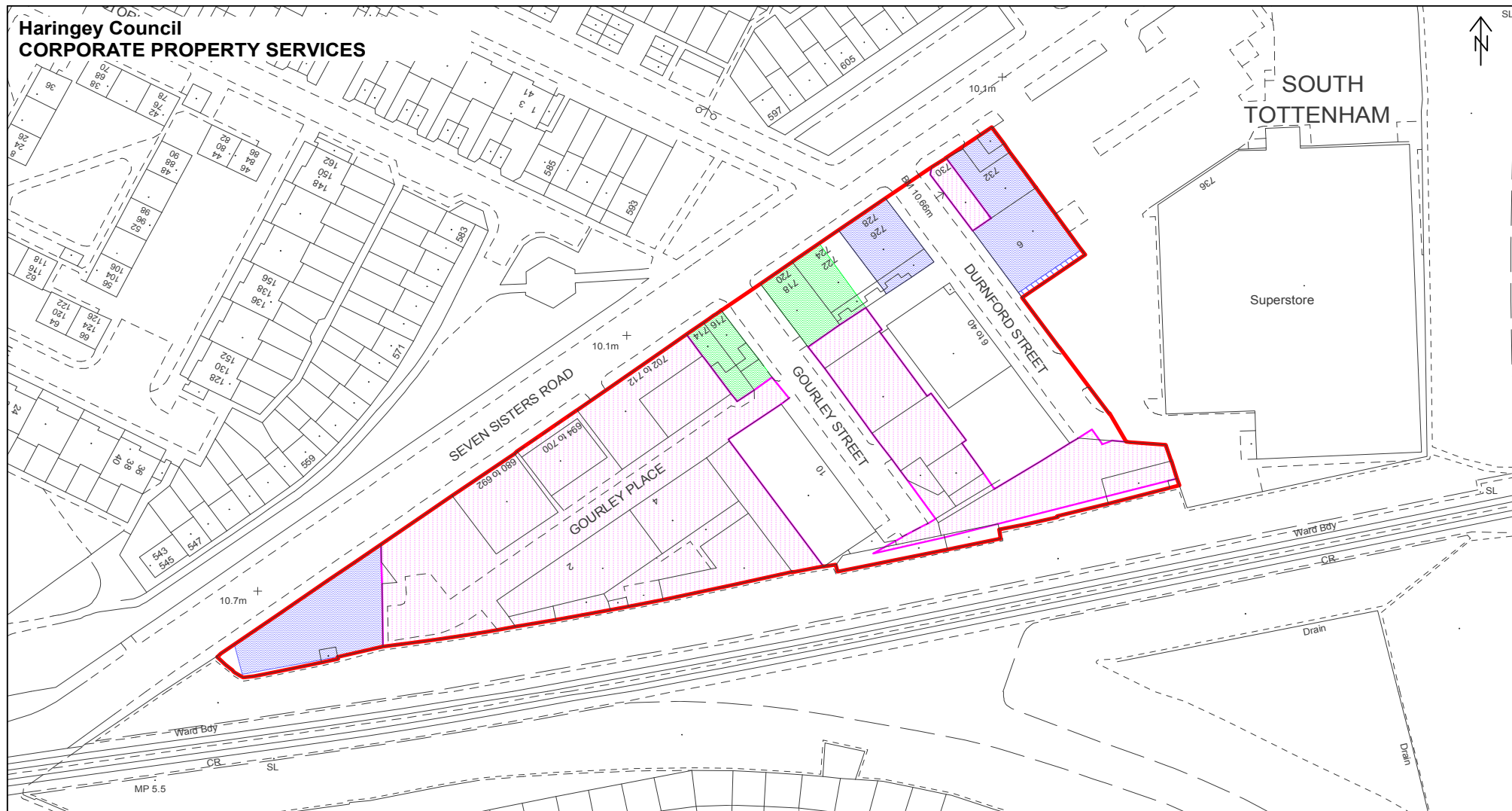
Overlay : *Corporate - Commercial*

Plan produced by Janice Dabinett on 25/03/2010

Site Area (hectares) : 0.1375ha

Scale 1:1250

Drawing No. BVES A4 0342p



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**Proposed Redevelopment at
Gourley Place
Tottenham
LONDON N15**

- KEY**
 Land verged red = Development Site boundary
 Land stippled pink = LBH Freehold Ownership
 Land stippled green = "Special Purchaser" Freehold Ownership
 Land cross hatched green = "Special Purchaser" Leasehold Ownership
 Land stippled blue = "Special Purchaser" Controls Freehold by way of Option
 Land hatched blue = "Special Purchaser" Controls Leasehold by way of Option

Overlay : Disposals - New

Site Area (hectares) : 1.040

Plan produced by Kevin Lincoln on 05/08/2010

Scale 1:1250
 BVES Drawing No. A4 2424d