

Property Comments Omitted from Circulated Paper

Recommendation

- 2.2. Delegate authority to the Director of Housing, Planning, Property and Regeneration to settle agree and negotiate the commercial terms in respect of the proposed disposal of the Housing Sites **subject to Executive approval** and disposal by way of a grant of a lease to the CPPT of the Park

10. PROPERTY IMPLICATIONS

- 10.1. Recommendations 2.4-2.5 are predicated on advice received by the Council's Regeneration team from Savills as to current market values which indicate a potential disposal receipt of circa £17.5m – however, this figure cannot be verified until market tested, and Members will be aware of Construction Inflation and a potential slow-down in disposal rates which could impact this figure.
- 10.2. The further CPP works required in addition to the £4.5m can be potentially met to the sum received for the value of the disposal receipt on the assumption that an approved (by Executive) purchaser contracts to purchase on the terms required to meet the S106 Requirements detailed at 3.9-3.10 and an assumed unconditional basis.
- 10.3. This presents a risk to the Council as it is considered that the market may not respond favourably to such a condition being placed on it – and therefore it may preclude purchasers from making offers and therefore there is a degree of risk that the advice received by Savills as to value could be diminished or not achievable on this basis. However, this will only be determined once market tested.
- 10.4. This could result in the site becoming encumbered – in that the S106 condition can only be satisfied by the Council or that offers received will be conditional on the Council undertaking the works prior to the Planning Consent lapsing. In essence this could result in the Council having to underwrite the works to comply with the S106 Agreement prior to a disposal.
- 10.5. Should Members agree to the recommendations contained within this report then Property will market the identified Property holdings through an appropriate Disposal Agent on the open market with the timings and marketing strategy to be determined and approved by the Director of Housing, Planning, Property and Regeneration. The results of any such marketing exercise will be reported to the Executive following analysis of offers received. Members should note that market fees for such an exercise will be circa 1.5% with additional allowance of 1.5% for legal and associated marketing fees.
- 10.6. The grant of a 250 Year Lease to CPPT is subject to the Council securing best consideration with regards to the provisions of S123 of The Local Government Act 1972. Legal comments 8.33-8.35 detail this requirement in

more detail, the grant of the 250 Year Lease at a peppercorn or modern equivalent rent will need to satisfy these provisions. An independent valuation will need to be commissioned as part of this process to formally test and demonstrate the assumption that the Park has a minimal value to reflect a peppercorn or modern equivalent rent.

- 10.7 It should also be noted that the income referred to in Part 2 of the Report which is currently generated via the various tenancies within the Park will cease to be received by the Council and the rent roll will need to be adjusted accordingly