

STRATEGIC POLICY AND RESOURCES COMMITTEE



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	<u>Asset Management:</u> Item 1. Disposal of land at Glen Road (adj St Teresa's GAC) Item 2. Disposal of land at Primrose Street & Seapark Drive
Date:	19 June 2009
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Item 1. Land at Glen Road (adj. St Teresa's GAC)

Background information

The Strategic Policy and Resources Committee, at their meeting on 21 September 2007, agreed in principle to the proposed disposal of an area of land at Glen Road from Belfast City Council to Oaklee Housing Association subject to agreement on the terms of the disposal.

NIHE had nominated Oaklee Housing Association to develop this site for social housing and Oaklee have now prepared a proposed housing scheme, comprising 18 no. social housing units (17 no. general needs houses and 1 no. wheelchair bungalow). The long linear nature and topography of the site has influenced the density and layout of the proposed scheme.

The total site area extends to 1.54 acres, which includes a portion of undeveloped land (0.696 acre) currently forming part a site leased by the Council to St. Teresa's GAC. St Teresa's GAC occupy the adjoining lands for use as playing pitches and a clubhouse, by way of a 99 year lease with the Council. A copy of a map is enclosed at Appendix 1 showing the total site edged red with the St Teresa's GAC portion shaded blue. Negotiations have taken place between the Council and St Teresa's GAC regarding the surrender of this portion of their leased site in return for a premium. St Teresa's GAC have recently indicated their agreement in principle to this surrender subject to agreement on the detailed terms.

The land has been independently valued for the Council, and following protracted negotiations with Oaklee Housing Association a purchase price of £750,000 has been provisionally agreed for the 1.54 acre site. The net receipt to the Council will be less the premium payable to St. Teresa's GAC. The details of the terms of the surrender by St. Teresa's GAC of the leased portion of the site are still to be finalised, but discussions to date regarding the premium have been based on 25% of the freehold value of *their* portion of the site (which equates to approx £85,000). The assessment of the premium will also be subject to independent valuation. The details of the terms agreed with St. Teresa's GAC will however be reported back to Committee.

The Council's Traveller Liaison Site Office and a portacabin leased to An Munia Tober as a playgroup facility are located to the east of the site, but this area is excluded from the proposed sale to Oaklee Housing Association, and access to this area will be maintained as a condition of the sale.

This site, which fronts onto the main Glen Road, is currently lying derelict and has been subject to anti-social behaviour in the past.

Key issues:

- Proposed disposal to Oaklee Housing Association of 1.54 acre site at £750,000, less premium payable to St. Teresa's GAC for surrender of a portion of their leased site.
- Proposed social housing scheme of 18 no. units on an area of derelict land.

Resource Implications:

Financial: The sale of these lands will result in a capital return to the Council of £750,000, less the premium payable to St. Teresa's GAC, which could be used in furtherance of the City Investment Fund or other corporate priorities.

Assets: The development of this land for social housing will meet a demand in this area; will bring improvements from an environmental and aesthetic perspective and will provide a capital return for a surplus asset, according with effective asset management.

Human Resources: None at this time

Item 1 Recommendation:

Committee are asked to approve the disposal of the land to Oaklee Housing Association for the sum of £750,000 subject to detailed terms being agreed by the Estates Management Unit and Legal Services; and also subject to agreement being reached with St. Teresa's GAC on the premium for the surrender of a portion of their leased site, and the details of the terms agreed with St. Teresa's GAC will be reported back to Committee in due course.

Decision Tracking:

The Director of Improvement to ensure that the disposal process is followed up within six months of the Committee decision.

Item 2. Disposal of former Civic Amenity Sites at Primrose Street and Seapark Drive:

Background:

The Strategic Policy & Resources Committee, at their meeting on 24 January 2008, declared the former civic amenity sites at Primrose Street and Seapark Drive surplus to Council requirements and granted approval to placing the premises for sale on the open market.

The Primrose Street site, which extends to approximately 0.087 acres, is located off Crumlin Road, and comprises a small enclosed yard area with adjoining stores. The premises adjoin a small area of vacant land (approx 0.032 acre) which is owned by Ligoniel Pigeon Society Social Club. A location map is enclosed at Appendix 2, with the overall site edged red and the Pigeon Club portion shaded blue. The Pigeon Club land was also surplus to their requirements and it was therefore marketed simultaneously with the Council's land on the basis that the proceeds from the disposal and the costs of marketing and sale would be apportioned on a pro-rata basis. The Pigeon Club land is subject to a restrictive covenant that it is to be used as open space but the solicitors for the Pigeon Club have advised that they are in the process of having this restriction removed. The Pigeon Club are solely responsible for all costs associated with the removal of the restrictive covenant.

The Seapark Drive site, which extends to approximately 0.06 acres, is located in a residential area close to Shore Road. It comprises a small enclosed yard area with adjoining stores. A location map is enclosed at Appendix 3.

The two premises were placed on the open market with O'Connor Kennedy Turtle Chartered Surveyors and have now been on the market for more than a year. Primrose Street was initially marketed at offers in the region of £225,000 for both the Council premises and the adjoining area of land owned by the Pigeon Club; and Seapark Drive was initially marketed at offers in the region of £125,000.

Despite being on the market for more than a year there has been very little interest in the premises until recently and offers have recently been received via the agents in respect of both premises.

An offer of £115,000 has been received for Primrose Street (inc the adjoining portion of land owned by the Pigeon Club). The bidder has indicated that the offer is not conditional upon planning or funding, but is conditional upon the successful release of the restrictive covenant over the lands owned by the Pigeon Club. A pro-rata apportionment of the sale price based on the site area would give a sum of £85,000 in respect of the Council's portion.

An offer of £70,500 has been received for Seapark Drive, and the bidder has advised that this is not conditional upon planning or finance.

Both bidders have indicated that they propose to use the premises as stores in the short to medium term with the prospect of redeveloping as small infill housing sites in the longer term.

The agents have confirmed that the premises have been extensively advertised on their website and Property News website and details have been sent out to the agent's database of developers and the main Housing Associations on a number of occasions.

The bids received are obviously significantly lower than the original marketing figures but the economic downturn and lack of finance has had an adverse impact on the property market and the level of demand across all sectors. The subject premises have been exposed to the market for some time and there has been very limited interest. In terms of the offers as received, the agents have advised that given the continuing contraction of the residential and commercial property markets within the economy's overall slide into recession, that the current offers received in respect of both premises are within the range of figures they would expect the sites to achieve in the current climate.

Key Issues:

- Proposed disposal of two surplus assets at total £155,500.
- Bidders have advised that their offers are not subject to planning or obtaining finance.

Resources:

Financial: The sale of these assets will result in a capital return to the Council of a total sum of £155,500, which could be used in furtherance of the City Investment Fund or other corporate priorities.

Assets: The future re-use of these two surplus assets for proposed industrial/business type purposes (in the shorter term) represents a better use than their current vacant status, and any future re-development for housing should fulfil a demand in the area. It should also lead to a decrease in anti social behaviour at these two sites; and will provide a capital return for two surplus assets, according with effective asset management.

Human Resources: None at present.

Recommendation:

Committee are asked to approve the disposal of the former civic amenity sites at Primrose Street and Seapark Drive, as outlined above, subject to detailed terms being agreed by the Estates Management Unit and Legal Services.

Decision Tracking:

The Director of Improvement to ensure that the disposal process is followed up within six months of the Committee decision.

Key to Abbreviations

Documents Attached

Appendix 1: Land at Glen Road
Appendix 2: Land at Primrose Street
Appendix 3: Land at Seapark Drive