

## Part A For General Release

<b>DELEGATED DECISION REPORT TO::</b>	<b>Councillor Simon Hall, Cabinet Member for Finance and Resources</b>
<b>SUBJECT:</b>	<b>Disposal of 178 Orchard Way, Croydon CR0 7NN</b>
<b>LEAD OFFICER:</b>	<b>Mark Norrell, Director of Facilities and Support Services</b>
<b>CABINET MEMBER:</b>	<b>Councillor Simon Hall, Cabinet Member for Finance and Resources</b>
<b>WARDS:</b>	<b>Shirley North</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b>	

### **FINANCIAL IMPACT**

A considerable amount of expenditure is required to put this two bedroom property back into a habitable condition. The price agreed for this property is well above market value. The disposal of this property will secure a significant capital receipt. In addition it will release the Council from ongoing maintenance and security liabilities.

**FORWARD PLAN KEY DECISION REFERENCE NO.:** N/A

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

#### **1. RECOMMENDATIONS**

- 1.1 Cabinet Member for Finance & Resources in consultation with the Leader agrees the following:
- 1.2 That the Council can dispose of a two bedroom bungalow on the terms detailed in the Part B report.
- 1.3 Agree that, for the reasons detailed in paragraph 5.1 of the report, the Executive Director Resources and s151 Officer be given delegated authority, in consultation with the Cabinet Member for Finance and Resources to approve minor amendments to the terms set out in this report.
- 1.4 Note that where any amendments are made under this delegation, the amended terms for disposal will be published on the Council's website within 1 month of completion of the sale.

## **2. EXECUTIVE SUMMARY**

- 2.1 This report is seeking the approval to dispose of a freehold residential property that is not required for current service provisions. 178 Orchard Way has been identified as surplus after being offered to both Adults and Housing Teams. It has been deemed as unsuitable due to the volume of improvements and changes required to make it appropriate and habitable again.
- 2.2 An offer has been received at a level above market value by a developer looking to demolish the building as part of a larger development. The proposed purchaser has an option to purchase the neighbouring 2 bed property, which is privately owned, to enable the development of 8 semi detached properties (6x 3 bed houses and 2x 2 bed houses) subject to planning.

## **3. DETAIL**

- 3.1 178 Orchard Way was originally acquired by the Council to rehouse some tenants who occupied another property by way of a protected tenancy. Although it has been maintained by the Council whilst the previous tenants were in occupation, the bungalow is very dated and now requires complete modernisation. The property only has two bedrooms and the cost of refurbishments is not deemed to be cost effective.
- 3.2 The property has been considered by both Housing and Adult Services but both have rejected the property as being unsuitable or not cost effective.
- 3.3 The property has therefore been declared surplus and suitable disposal options considered. As this is a relatively small property on a good sized plot, redevelopment was considered most likely to generate the highest capital receipt. Discussions have taken place with a developer who has secured an option on the adjoining property and a sale price agreed which is significantly above the value of the property as a pure residential unit with hope value to reflect future development value.
- 3.4 The proposal is to demolish both this property and the adjoining 2 bedroom bungalow and replace them with 6x 3 bed family homes and 2x 2 bed family homes, all with gardens and off street parking. The developer has submitted a pre application to the planning department and has received positive feedback.
- 3.5 The Council have had an independent valuation undertaken and the developer has made an offer well in excess of market value.
- 3.6 This is not a development that can be undertaken by the Council as it is only achievable with the purchase of the neighbouring property, which is also a corner plot.

## **4. CONSULTATION**

- 4.1 No external consultation has been undertaken but various internal departments have been contacted to assess the suitability of the property for continued Council use.

## **5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

### **1 Risks**

The developers offer is subject to contract and planning permission. The Council will enter into a 12 month option agreement with the developer, extendable if an appeal is still outstanding. However, the scheme received favourable comments at the pre application stage, and the developer will endeavour to submit an application within six months, following necessary detailed surveys.

There is a risk that there may be some planning issues, although a positive pre application reply has been sent to the developer by the Council. Other issues may arise once the ecology and other surveys are undertaken. As this is a conditional offer, there is a risk that the surveys or planning decision are unfavourable which may lead to delays or renegotiation of the terms.

A similar option agreement has been agreed with the private owners of 176 Orchard Way which we are not party to. Should there be an issue with that sale, then it could jeopardise the sale of 178 Orchard Way to this current purchaser.

### **2 Options**

We could market this building independently but we would not expect to achieve the same value that has been offered as the developer is a “special purchaser” having secured an option on the adjoining privately owned bungalow to the south.

We could retain the building and refurbish it, but refurbishment costs have been estimated in the region of £100,000 and the size of the garden and the ongoing maintenance could be an issue for any future tenants.

### **3 Future savings/efficiencies**

The disposal of this property will secure a significant capital receipt. In addition it will release the Council from ongoing maintenance and security liabilities.

Approved by: Ian Geary, Head of Finance, Resources & Accountancy

## **6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER**

- 6.1 The Solicitor to the Council comments when disposing of land, under section 123 of the Local Government Act 1972, the Council must be satisfied that it is obtaining the best consideration for the land. Officers have followed the processes necessary to ensure that this is the case.

Approved by Sean Murphy, Head of Commercial and Property Law and Deputy Monitoring Officer, on behalf of the Director of Law and Governance and Monitoring Officer

## **7. HUMAN RESOURCES IMPACT**

- 7.1 There will be no impact as a result of the Sale

## **8. EQUALITIES IMPACT**

- 8.1 The demolition of a bungalow could have a negative impact in relation to age and disability where a bungalow would be more suitable than a 2-3 story house in relation to accessibility. However, the bungalow has been considered by both Housing and Adult Services but both have rejected the property as being unsuitable for their needs. The loss of this property against the provision of 8 new family units is therefore not seen to be significant. The Planners will however recommend that the new houses have a no step access. An Impact statement has been prepared and approved.

## **9. ENVIRONMENTAL IMPACT**

- 9.1 A 1950's uninsulated bungalow with crittall windows will be demolished and 8 new homes will be built complying with current building regulations and therefore the ongoing impact will be improved.

## **10. CRIME AND DISORDER REDUCTION IMPACT**

- 10.1 There will be no impact on crime and disorder as a result of the sale. However, the building will attract less attention once it has been sold and demolished.

## **11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

The disposal of this building, along with the privately owned building next door, will allow 8 family homes to be built. The sale will bring in secure a revenue receipt will release the Council from ongoing maintenance and security costs.

## **12. ALTERNATIVE OPTIONS CONSIDERED**

The only alternative option would be to reject the agreed terms on the grounds that the building could be retained for housing stock. However, this is not considered to be a cost effective option and would not create the same number of new family units.

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**CONTACT OFFICER:** Anita Tracey, Asset and Estates Manager ext 64070

**BACKGROUND PAPERS:** Red line plan