

**AGENDA ITEM: 5**

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Meeting	Cabinet Resources Committee
Date	10 February 2005
Subject	<b>Disposal of Spencer House, Station Road, NW9</b>
Report of	Cabinet Members for <ul style="list-style-type: none"><li>• Resources</li><li>• Performance, Partnerships &amp; Best Value</li><li>• Housing, Neighbourhoods &amp; Community Safety</li></ul>
Summary	To consider the freehold sale of Spencer House and approve its marketing by non-binding tender.

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Officer Contributors	Judith Ellis, Principal Valuer
Status (public or exempt)	Public – with a separate exempt report.
Wards affected	Hendon
Enclosures	Location plan
For decision by	Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information: Judith Ellis, Principal Valuer – 020 8359 7364.

## **1 RECOMMENDATIONS**

- 1.1 That the committee agrees in principle to the freehold sale of Spencer House and the appropriate chief officers be instructed to offer the property for freehold sale by non-binding tender in accordance with the procedures set out in the Constitution, reporting the outcome to a future meeting of the committee for further consideration.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 None.

## **3 CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The Corporate Plan commits the Council to 'plan and manage land use and development in Barnet enhance quality of life and provide tangible benefits for the community.' The proposals in this report will achieve this by disposing of surplus land to realise a useable capital receipt.

## **4 RISK MANAGEMENT ISSUES**

- 4.1 After all existing residents have been re-housed the building is likely to become targeted by vandals. This is likely to impact on the offers from those interested in making use of the existing building. As a measure of prevention the doors and windows will be secured with metal shuttering.

## **5 FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS**

- 5.1 A potential capital receipt in the sum set out in the exempt report.
- 5.2 The residents being re-housed from Spencer House are entitled to home loss and disturbance payments. These sums will be set against the capital receipt.
- 5.3 The Head of Housing has requested that the capital receipt from any disposal be ring fenced for spending on alternative elderly persons housing provision. All capital receipts should in the first instance be considered a corporate resources, and whilst the request from the Head of Housing is noted the proposals for re-investing any amount received into council services must always be done on a corporate priority basis. In this regard it should be noted that the capital receipt will be subject to pooling of 50% (i.e. only half is usable) unless receipt is used for housing purposes, in which case the pooling requirement is waived.
- 5.4 There are no staffing or ICT implications. The property issues are set out below.

## **6. LEGAL ISSUES**

6.1 None.

## **7. CONSTITUTIONAL POWERS**

7.1 Constitution – Council Procedure Rules – Financial Standing Orders & Rules for Disposal of Land and Real Property.

7.2 Constitution – Part 3 Responsibility for Functions – Section 3.6 Functions delegated to the Cabinet Resources committee – All matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

## **8. BACKGROUND INFORMATION**

### PROPERTY DESCRIPTION

8.1 The attached drawing shows the site of Spencer House edged black. Spencer House is a two storey purpose built sheltered housing block which was constructed in circa 1974 and comprises 22 bedsit units, each with kitchenette and a WC. However, the units have shared bathroom facilities. The building also has a wardens flat. Because of its unsuitability for continued use as sheltered accommodation, all residents are being re-accommodated and the building will become surplus to requirements.

8.2 The area of the Spencer House site is approximately 0.57 acres (0.23 hectares).

8.3 Legal advice is awaited ,but from an initial investigation into the title, there is a right of access/ wayleave agreement granted to the Electricity Board which provides access to the substation at the rear of 154 Station Road. The agreement expires in 2004, but termination and relocation of the route are likely to have cost implications. This is unlikely to cause insurmountable problems. There is no rear access to the site and no rights of way to adjoining properties.

8.4 As the land is held within the Housing Revenue Account, a disposal will require the consent of the Secretary of State pursuant to Section 32 (2) of the Housing Act 1985.

8.5 The Head of Housing is of the opinion that the building is no longer suited to its purpose and is therefore surplus to requirements.

## USE OPTIONS

- 8.6 The following use options have been considered:
- a. ALTERNATIVE COUNCIL USE - All Heads of Service have been consulted and they have confirmed that the property is not suitable for current or future service delivery purposes.
  - b. SALE FOR CONTINUED USE – Informal planning advice is that residential use is established and that institutional uses may be possible. There has already been some interest in acquiring it from a local community group interested in up-grading the building to provide a lesser number of privately run sheltered housing units.
  - c. SALE FOR REDEVELOPMENT – This is likely to generate the greatest level of interest – particularly for residential redevelopment. The Government is committed to maximising the re-use of previously developed land and empty properties to minimise the amount of green field land being taken for development. Therefore, there are no in-principle objections to the redevelopment of the site for housing. However, any applicant would need to successfully demonstrate that the existing elderly persons sheltered accommodation is no longer needed or being provided elsewhere.
  - d. To do nothing is not really an option since it solves nothing and the property no longer meets Council service delivery needs.
- 8.7 In light of the foregoing it is considered that the best option is to offer the site shown edged black on the plan for freehold sale for re-development. If the site is redeveloped for residential purposes and there are 15 or more units there will be an affordable housing requirement which could be up to 50%. The Housing Services' priorities for affordable housing is social rent - 3 bed units. The maximum TCI that will be agreed for any scheme is 70% and that is on the basis of larger homes - for smaller units the TCI will be lower.

## METHOD OF DISPOSAL

- 8.8 It is usually preferable to offer sites for sale with the benefit of some form of planning permission. The site already has an established use and therefore obtaining an outline planning permission for residential use would not add to its marketability. With a variety of refurbishment and redevelopment options it would not be appropriate to seek a detailed planning permission.

- 8.9 Despite reports of falling house prices, there is still a ready market for residential development sites such as the site of Spencer House. The property could be offered for sale at auction. This would probably achieve a quick disposal at a reasonable figure but it would go to the highest bidder. This may well exclude the interest of community groups and similar organisations. Similarly, the binding tender process could result in an exclusion of such interest groups. The alternative is to offer the site for sale by non-binding tender in accordance with the rules set out in the Constitution. Offers can be invited on both a subject to planning basis or unconditionally. This method will probably generate a large number of offers for a wide variety of end uses and provide the Committee with further options.
- 8.10 Based upon the experience of marketing properties by way of non-binding tender, the particulars of disposal will include requirements for proper scheme proposals to be submitted and a realistic programme for obtaining planning permission and completing the purchase. The contract will have a strict timescale for making a planning application. There will also be provision for the Council to receive a significant share of any 'profit' if the purchaser sells the site on within three years of purchase without first carrying out any development.

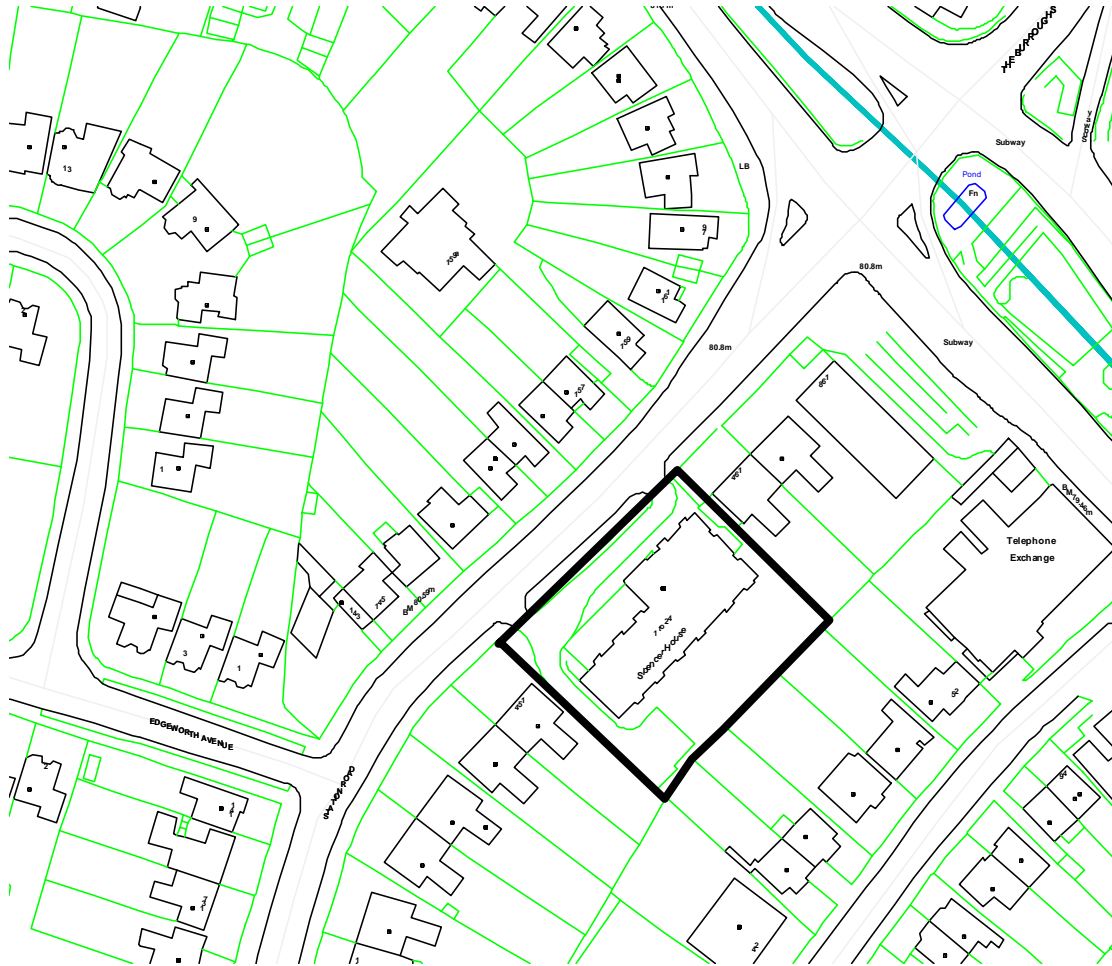
## **9. LIST OF BACKGROUND PAPERS**

- 9.1 None.

MO: PD

BT: CM

**Spencer House, Station Road, NW4**



NOT TO SCALE

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