

Item No.	Classification: Open	Date: 09/09/03	MEETING NAME: Executive
Report title:		Disposal of properties at auction:	
		54 Vicarage Grove, SE5 37 Elm Grove, SE15	
Ward(s) or groups affected:		Brunswick Park, The Lane.	
From:		Strategic Director Regeneration	

RECOMMENDATION(S)

1. That the Executive authorise the Strategic Director Regeneration to dispose of the Council's interest in various properties at auction, as detailed in the schedule attached in appendix B (the "Properties").
2. That the Executive authorise the Strategic Director Regeneration to set the level of reserve below which each property will not be sold.
3. That the Executive authorise that the capital receipt from the sale of the Properties is recycled and used in accordance with the provisions of the Capital Finance Regulations for the purposes of the schemes identified in the schedule attached in appendix B.
4. That the Executive authorise the recovery from the purchaser of the Council's professional fees amounting to 2% of the purchase price for each property.

BACKGROUND INFORMATION

5. The Properties are held by the department of Housing. The Major voids panel have identified them as being suitable for sale because they are vacant and require substantial sums of money to repair and refurbish them.
6. Authority to sell is delegated to the Development & Regeneration Business Unit Manager in individual cases where sale prices are below £250,000. It is considered that the sale price of each property identified in this report will exceed this limit and therefore specific authority is required.
7. The Director of Housing has already declared the Properties surplus to requirements. They are identified in bold on the attached Ordnance Survey extracts in appendix C.

KEY ISSUES FOR CONSIDERATION

8. The disposal of the Properties will ensure they are bought back into beneficial use through private developers or owner/occupiers, relieving the Council from its obligation to do so. In addition it will alleviate the Council of the costs of security whilst generating a substantial capital receipt.
9. In order to comply with the Capital Finance Regulations, whereby the Council is permitted to recycle 100% of the capital receipt, it is necessary to specify the scheme for which the money is to be used. If the scheme is not specified then the normal capital controls apply and 75% of the receipt will be set aside for debt redemption leaving only 25% available to fund capital projects. A suitable scheme has been identified and is detailed in the attached schedule.
10. The disposal of properties held for housing purposes is permitted by virtue of Section 32 of the Housing Act 1985, subject to the consent of the First Secretary of State of the Office of the Deputy Prime Minister, where necessary.

Policy implications

11. The disposal of the Properties will generate a substantial capital receipt, which will be recycled to provide funding for the refurbishment and redevelopment of affordable housing. This assists the Council meet its commitment to regeneration and sustainability in housing as demonstrated through the 1998-2005 Southwark Housing Strategy.

Agenda 21

12. The approval to dispose of the properties will have no agenda 21 implications.

Effect of proposed changes on those affected

13. There are no direct implications of the report's recommendations on the Council's Managing Diversity and Equal Opportunities Policy.

Resource implications

14. A minimum capital receipt will be generated from the sale of each of the properties, which will equate to the reserve price to be set.

As set out in paragraph 9 above, 100% of the capital receipt from these disposals will be recycled for identified schemes.

The Council's professional fees amounting to 2% of the purchase price for each property will be recovered from the purchaser.

Budget issues

15. None for the purposes of this report.

Staffing issues

16. The disposal of the Properties will be dealt with by the Development and Regeneration business unit within the Council's Property Division. There are no further resource implications resulting from the above recommendations.

Consultation

17. This report relates to the disposal of Council owned property requiring repair and refurbishment. This matter is not considered to be contentious and therefore consultation is not appropriate in this instance.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Borough Solicitor & Secretary

18. The Executive is recommended to authorise the Strategic Director Regeneration to:-
19. Dispose of the Council's interest in various properties at auction, as detailed in the schedule attached in appendix B ("the properties").
20. That the Executive authorise the Strategic Director Regeneration to set the level of reserve below which each property will not be sold.
21. To authorise that the capital receipt from the sale of these properties (where identified) is to be recycled and used for the purposes of providing Local Authority social housing grant for the schemes identified in appendix B of this report.
22. Recover from the purchasers the Council's professional fees amounting to 2% of the purchase price of each property.

23. The Executive is advised that any disposal of the Properties shall proceed in accordance with Section 32 of the Housing Act 1985 ("the 1985 Act"). The First Secretary of State of the Office of the Deputy Prime Minister ("ODPM") issued a number of General Consents for the disposal of housing land which enables the Council to dispose of housing land without obtaining consent under Section 32 the 1985 Act. The proposed disposals are likely to be covered by one of the General Consents but this will not be evident until after the purchaser has been identified. When this is revealed the consent of the ODPM in accordance with Section 32 of the 1985 Act will be obtained, if necessary.
24. The Executive will note from paragraph 7 of the report that the Director of Housing has already declared the Properties surplus to requirements.
25. The Executive is advised that provided that the level of reserve set represents market value in accordance with Section 32 of the 1985 Act, that the specific consent of the ODPM is obtained, if necessary, the Executive may approve the proposed disposal of the freehold interest in the Properties and may authorise the Strategic Director Regeneration to set the level of reserve below that which the Properties will not be sold.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Property Division file	Property Division. Chiltern House Portland St	Paul Davies 020 7525 5632

APPENDIX A

AUDIT TRAIL

Lead Officer	<i>Paul Evans – Strategic Director of Regeneration</i>	
Report Author	<i>Paul Davies – Property Division</i>	
Version	<i>Final</i>	
Dated	<i>1 September 2003</i>	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Borough Solicitor & Secretary	Yes	Yes
Chief Finance Officer	No	No
Director of Housing	No	No
Executive Member	Yes	No
Date final report sent to Constitutional Support Services	1 September	

APPENDIX B

SCHEDULE OF PROPERTIES TO BE INCLUDED IN AUCTION

APPENDIX C

ORDNANCE SURVEY EXTRACTS

ADDRESS	TYPE	ESTIMATED SALE PRICE	CAPITAL RE-CYCLING
54 Vicarage Grove, SE5.	Vacant Freehold property arranged as four self-contained units.	£375,000	Housing have requested that the capital receipt generated be used to part fund the refurbishment and redevelopment of the East Dulwich Estate. In the event that this project does not proceed then the receipt will be allocated to another scheme for the purposes of social housing.
37 Elm Grove, SE15.	Vacant Freehold property arranged as two self-contained units. Badly fire damaged.	£250,000	Housing have requested that the capital receipt generated be used to part fund the refurbishment and redevelopment of the East Dulwich Estate. In the event that this project does not proceed then the receipt will be allocated to another scheme for the purposes of social housing.