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| Subject: | Disposal of Flat 2 St James Mansions, Brighton | | |
| Date of Meeting: | 13 July 2017 | | |
| Report of: | Executive Director, Economy, Environment & Culture | | |
| Contact Officer: | Name: | Angela Dymott Jessica Hamilton | Tel: 01273 291450 01273291461 |
| | Email: | Angela.Dymott@brighton-hove.gov.uk Jessica.hamilton@brighton-hove.gov.uk | |
| Ward(s) affected: | Queen's Park | | |

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 To seek authority for the disposal of Flat 2 St James Mansions, that is surplus to requirements. The disposal of the flat will generate a capital receipt less any disposal costs. The disposal supports the council's Corporate Property Strategy and Asset Management Plan 2014-2018 by optimising the value received from the council's non-operational portfolio providing a net capital receipt to support the council's Medium Term Financial Strategy.

2. RECOMMENDATIONS:

- 2.1 That the Committee authorises the disposal by way of long leasehold of Flat 2 St James Mansions and that delegated powers be given to the Executive Director of Economy, Environment & Culture, Assistant Director Property & Design and Head of Legal Services to approve terms.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 St James Mansions is a mixed commercial and residential use building built C1920, situated on an 'island' site on the south side of the junction of St James Street and Old Steine (see plan at Appendix 1) with the following accommodation and leases:-
- Ground Floor – commercial lease to a 24h take-away food franchisee
 - First Floor & Basement – commercial lease to a dental practice
 - Flat 2 on 2nd floor – vacant
 - Flat 3 on 3rd floor – let on long residential ground lease for a term expiring 2115, sublet on AST
 - Flat 4 on 4th floor – let on long residential ground lease for a term expiring 2115, sublet on AST
- 3.2 Flat 2 was the subject of a secure tenancy granted in September 1982. The tenant died in 2016 and the tenant's daughter did not meet the statutory conditions to succeed to the tenancy. The council gave permission for the tenant's daughter to remain in occupation of the premises for 12 months following

the death of her mother and the council obtained vacant possession in January 2017.

- 3.3 The property is accessed via a narrow spiral staircase and has three small and irregular shaped bedrooms, a living room, kitchen and bathroom. It has not been refurbished and retains the original kitchen and bathroom fittings. There is no central heating, double glazing or sound proofing. The property retains the original single glazed windows.
- 3.4 Housing has been offered the property, they do not have a mechanism at present by which to purchase the property.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1. Transfer by sale to Housing (HRA)

There is concern that the level of refurbishment required to bring the unit up to a standard acceptable for a council property would be prohibitive. In addition the access to the unit is restrictive. There is currently no mechanism for Housing to purchase this property without a separate Committee decision based on a business case which it would need to work up with Finance and Legal colleagues. An individual property would not fit within the parameters of the Hyde Joint Venture.

4.2 Re-let to Housing for Temporary Accommodation

The current three bed need is for ground floor with level access. Furthermore, considering the lack of central heating and general condition of the property bringing it up into a lettable standard may be problematic and given its location and access, it is not considered to be appropriate.

4.3. Disposal

Disposal by way of long leasehold in the market would achieve a capital receipt in excess of £300,000, which would be used to support the council's corporate capital strategy as part of the Medium Term Financial Strategy (MTFS). The MTFS includes a target figure for disposal of surplus assets, which would be met by this disposal.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 We have consulted with Housing and they are unable to consider the option of purchasing the property.

6. CONCLUSION

- 6.1 The recommendation is to dispose of the leasehold interest of this flat by private treaty through a local residential agent. The property will be widely marketed to ensure best consideration is achieved.

7. FINANCIAL & OTHER IMPLICATIONS:

7.1 Financial Implications:

The disposal of the flat will generate a capital receipt less any disposal costs or loss of rent although the property is currently vacant. The net receipt will be used

to support the council's corporate capital strategy as part of the Medium Term Financial Strategy. The disposal of this property will benefit the council as a result of reduced revenue costs such as maintenance, security and utilities.

Finance Officer Consulted: Rob Allen

Date: 07/06/17

7.2 Legal Implications:

With reference to recommendation 2.1, Section 123 of the Local Government Act 1972 ("the Act") provides that a Council may dispose of land in any manner it sees fit subject to the condition that, except in the case of leases for less than 7 years, disposal must be for the best consideration reasonably obtainable. The proposal to widely market this property would ensure that best consideration is achieved.

Lawyer Consulted:

Joanne Dougnaglo

Date: 12/06/17

7.3 Equalities Implications:

There are none

7.4 Sustainability Implications:

There are none

SUPPORTING DOCUMENTATION

Appendices

1. Site Plan

Documents in Members' Rooms

None

Background Documents

None

