

Report of the Corporate Landlord

Monk Bar Garage, Lord Mayor's Walk.

Summary

- 1 This report seeks approval for the sale of Monk Bar Garage for residential development.

Background

- 2 The location of the property is shown verged black on the plan attached as Annex 1. The area shown cross-hatched black is the Monk Bar Garage site, the blank area is a hard and soft landscaped area and the land shown hatched black is public highway. The total site area is 0.06 of a hectare (0.147 acres)
- 3 Monk Bar Garage is part of the commercial property portfolio and until recently provided an annual income of £8,250. The present tenant has received a capital sum to surrender the lease and currently has a licence to occupy the garage and vacant possession can be obtained.
- 4 This site was one of two sites short-listed for the relocation of the Peasholme Hostel however, it was not chosen because the site presented difficult planning and archaeological issues that could not have been resolved within the development period allocated to the project.
- 5 A potential capital receipt from the sale of this property is included in the 2007/08 – 2010/11 Capital Receipts Programme approved by the Executive on 16th January 2007.

Consultation

- 6 Ward Members have commented that they would prefer the garage to remain as its size and height has no visual impact on the walls; whereas the scale of a new residential development is likely have an adverse impact.

Planning

- 7 The draft local plan used for development control purposes shows the site allocated for housing, as a result the general principle of developing the site is not in question. When the site was being considered for a new Peaseholm hostel, planning officers confirmed that from a design and conservation

perspective that a contemporary building and in part of 3 storeys height would not raise major issues. The City Strategy Group has been consulted on this report and they are supportive of a residential use for this site.

- 8 The site is located adjacent to the City Walls, which are a Schedule Ancient Monument. It may be that part of the garage building is supporting the City Walls, and it would need to be demonstrated that any development would not impact on the structural integrity of the City Walls. In addition to obtaining local planning authority permission, an application for Schedule Ancient Monument Consent would be required and therefore English Heritage would have to approve the scale and design of any development.
- 9 A full archaeological evaluation will be needed prior to the submission of any planning application, this will require investigation by trial trenches.
- 10 The property lies within an Air Quality Management Area and this has to be borne in mind in the internal layout of habitable rooms. A noise survey would also be required to assess the impact of the development adjacent to the inner ring road.

Method of Sale

- 11 The development of the site will present the developer with a challenge to produce a scheme, which is acceptable to the planning authorities and will also have to invest substantial funds to be in a position to submit a planning application. The best method of achieving a sale and obtaining a reasonable price; is to market the property for sale by informal tender and invite bids on the basis the property will be sold when the developer receives a satisfactory planning permission. Through the tender process, a bidder will be asked to submit a sketch scheme of the proposed development together with their tender, in order to be able to judge which is the best bid in terms of price and a development likely to obtain planning permission.
- 12 The property includes a garage block, which is in a poor state of repair, and vehicle access is from Monkgate over a public highway. It would be an option to sell the garage block as an independent transaction however, on balance, it would be best to leave the decision to the successful developer who will decide whether the best return is a residential development with or without the garage block and bid accordingly.

Options

- 13 The following two options are available:
 - A) Sell Monk Bar Garage and the landscaped area for residential development.
 - B) Retain the property within the commercial property portfolio

Analysis

14 Option A - To sell the property

Advantages:

The total site is under utilised for a city centre site and the present building and use is incongruous in this historic location.

The site would realise a significant capital sum if sold for residential development, if this sum were invested it would provide a greater financial return than the existing income and so a sale would maximise the potential of this property asset. A comparison of the rental income compared with the investment of the capital receipt is provided at Confidential Annex 2.

The receipt would be used to support the capital programme, an estimate of the receipt is provided at Confidential Annex 2.

Disadvantage:

The sale and redevelopment of the site would be a loss of an employment opportunity.

Option B - To retain the property in the commercial property portfolio

Advantage:

The property would produce an annual rental income stream.

Disadvantage:

As a capital sum has been included in the Capital Receipts Programme consequently there would be a potential shortfall to support the capital programme leading to an overall reduction in the capital programme or the use of alternative funding mechanisms. Alternative funding is likely to be prudential borrowing, which would cost the council approximately £10k p.a. to borrow the money to make up for the loss of a capital receipt.

Corporate Priorities

- 15 If the site is sold for residential development the receipt will contribute towards the funding of the capital programme, and in turn contribute towards the corporate priorities by raising finance for approved schemes.

Implications

- 16 The following information is provided:

- **Financial**

The financial analysis of the two options is contained in Confidential Annex 2.

As a result of the disposals strategy and the potential reduction in rental incomes caused by them, a specific provision is held corporately to compensate the commercial property portfolio budgets for any loss of rental income as a result of the disposal. This budget has been approved at £46,430. The loss of rental income from the disposal of the property is £8,250 per annum. It is therefore necessary that £8,250 in lost rent is vired from the provision to the commercial property rental budget prorata, from the date of sale.

- **Human Resources (HR)**

There are no HR implications.

- **Legal**

There are a number of legal aspects to selling the site including securing good title to the land and formulating a development agreement to secure a sale in the event of a satisfactory planning permission.

- **Crime and Disorder (C & D)**

There are no C & D implications.

- **Information Technology (IT)**

There are no IT implications.

- **Property**

Property implications are included within the report.

Risk Management

- 17 The risk implication is to the Capital Receipts Programme, in that a sale may not be achieved or the best bid is below the estimated figure. The risk however, is considered low, as there is a good market demand for residential development opportunities in the city centre and the capital receipt is a conservative estimate.

Recommendation

- 18 Members are asked to consider the following:

- i) Approve Option A, that the freehold of the Monk Bar Garage site be sold for the best consideration reasonably obtainable on terms and conditions that are appropriate to achieve a successful sale.

Reason: To ensure the development potential of the site is fully utilised and the maximum capital receipt is obtained to support the capital programme.

- ii) To approve that £8,250 in lost rent is vired from the provision in the general fund budget to the commercial property rental budget, pro rata, from the date of the sale.

Reason: To ensure the integrity of the Property Services budget is maintained and for good financial purposes.

Contact Details

Author:

John Urwin
Property Manager (Operational)
Asset & Property Management
Tel No. (01904) 553362

Chief Officer Responsible for the report:

Neil Hindhaugh
Assistant Director of property Services
Tel: (01904) 553312

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Specialist Implications Officer(s)

Implication Financial
Name Tom Wilkinson
Title Corporate Finance Manager
Tel No. (01904) 551187
Wards Affected: Guildhall

Implications City Strategy
Name Derek Gauld
Title Principal Development Officer
Tel No. (01904) 55

For further information please contact the author of the report

Background Papers: All the information in this report is held on the Property Services file, subject to confidentiality on any exempt negotiations.

Annexes **Annex 1 – Plan**
 Annex 2 - Confidential Financial Information