

## **Executive**

**13 February 2007**

Report of the Corporate Landlord

## **Amber House, Galmanhoe Lane, York**

### **1. Summary**

This reports seeks approval for the freehold disposal of, Amber House and workshop, Galmanhoe Lane, York.

### **2. Background**

The location of the property is shown verged black on the plan Annex A and the site has an area of 0.08 hectares (0.198 acres).

Amber House is a two storey flat roof pre-fabricated structure constructed circa 1945. The workshop is a single story brick industrial unit with a solid concrete floor and corrugated metal pitched roof constructed circa 1970. The property is not listed but lies within the city's central historic core.

The property was leased to the York Archaeological Trust at a rent of £6,525 per annum. The tenant had to keep the premises in a wind and water tight condition only.

The property was being used as a conservation laboratory and workshop. Amber House is in a dilapidated state of repair and at the end of its economic life. The workshop has, in the past, suffered from movement.

The sale of this property is included in the 2007/8 - 2010/11 Capital Receipts Programme as approved by the Executive on 16<sup>th</sup> January 2007.

### **3. Consultation**

Development Control have indicated that residential development would be acceptable on the site subject to the necessary planning permissions.

Network Management comments are that, an increase of under 20% of traffic would not be classed as an intensification use of the site. Approximately 40 cars can be parked off Galmanhoe Lane, therefore any development that produced 8 or less cars would not be discouraged.

Ward members have been consulted, regarding the possible disposal and no objections were received.

The Corporate Asset Management Group (CAMG), at a meeting on 14<sup>th</sup> November 2006 declared the properties surplus to operational requirements.

#### **4. Options**

There are three options for members to consider: -

Option 1: To dispose the property on the open market

Option 2: Let the property on the open market

Option 3: To utilise the property for Council use.

#### **5. Analysis**

##### **Option 1 – To dispose of the property on the open market.**

**Advantage:** The disposal would produce a capital receipt to support the capital programme.

**Disadvantage:** The disposal may result in the loss of an employment property and a loss of rental income to the commercial portfolio.

##### **Option 2 – Let the property on the open market**

**Advantage:** The Council would retain a property in the commercial portfolio and receive an annual income.

**Disadvantage:** In its present state of repair the property would be expected to achieve an annual rent of £6,000per annum. It is expected however, that an incoming tenant would request a substantial rent free period in order to bring the building to a suitable standard. There is also little demand for large scale city centre storage so there may be a considerable period before the property is let, this would mean that the Council would be incurring holding costs. The Council would also lose a capital receipt.

##### **Option 3 – To utilise the property for Council use.**

**Advantage:** The property will continue to be in the Council ownership and a potential interdepartmental rent received for its occupation.

**Disadvantage:** The CAMG identified no alternative suitable Council use. The Council would also lose a capital receipt.

## 6. Corporate Objectives

Members have earmarked this property for disposal to contribute towards the funding of the capital programme, therefore a sale would contribute towards corporate objectives by the raising of finance for approved schemes.

## 7. Implications

**Financial:** The financial analysis of the two options is contained in Confidential Annex B.

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 leasehold is £6,525 per annum. It is therefore requested that £6,525 in lost rent is vired from the provision to the commercial property rental budget, pro rata, from the date of sale.

**Human Resources:** (HR) There are no human resource implications

**Equalities:** There are no equality implications

**Legal:** The title is being investigated by Legal Services for the property. However there is some question over the ownership of area hatched black on the plan Annex A and Legal Service are undertaking further research.

**Crime and Disorder:** It is possible that if left vacated the building will become a 'hot spot' for anti social behaviour as the properties are not very visible from Marygate.

**Information Technology (IT):** There are no IT implications

**Property Services:** Property issues are contained in this report.

## 8. Risk Management

The risk implication is to the 2007/8 - 2010/11 capital receipts programme in that a sale may not be achieved or the highest offer is below the reserve figure. This risk however, is considered low as there is a market demand for residential development opportunities near the city centre.

## 9. Recommendations

Members are asked to consider

- A Option 1:** To approve the freehold sale of Amber House by informal tender provided the best offer received is at or above the reserve figure.

Reason: To obtain a capital receipt to support the capital programme.

- B** To approve that £6,525 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 sale.

### Contact Details

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**Report Approved**  **Date** 14/11/06

Simon Wiles  
Director of Resources

**Report Approved**  **Date** 16/11/06

**Wards Affected:** Guildhall

**All**

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**Background Papers:** All the relevant information used to write this report is held in property services file number 2215

**Annexes:**  
Annex A - Plan  
Annex B - Confidential Financial Information