

Report of the Director of City Strategy and the Corporate Landlord

Sale of Parkside Commercial Centre, Terry Avenue

Summary

1. The purpose of the report is to;
 - Ask members to consider the bids received for the freehold of the Parkside Commercial Centre following the recent marketing of the site.
 - Recommend that members sell the premises to HHB Investments Ltd for the reasons stated in this report.

Background

2. At a meeting of EMAP in March 2006 members gave approval, which was subsequently endorsed by the Executive, to dispose of the freehold in the former Parkside Commercial Centre site in Terry Avenue shown in **Annex 1**, subject to relocation of the tenants, and agreeing a land exchange with the adjoining Caravan Club.
3. The Parkside Centre has been in operation since 1984 as a Council initiative to provide low cost accommodation for small starter businesses to assist the local economy. However it is an old brick building with an asbestos cement roof and the fabric needs substantial refurbishment. Because the site is prone to flooding the floor level of the building has had to be raised which means access is up steps and consequently there is no vehicle access into the units. In view of these limitations members agreed that a more suitable building should be provided in an alternative location. This facility has now been provided by York Eco Business Centre at Clifton Moor, which was designed and built for the purpose by a private developer in partnership with the Council. The Council lease the building, it is managed by York Selby Malton Business Advice Centre who sublet individual units to small businesses. It opened in September 2008 and accommodates approximately 60 small businesses. In addition 7 small office units and 2 workshop/studio units have been created by the council from vacant accommodation at 35 Hospital Fields Road and trades as Fulford Business Centre. These new facilities are therefore located on both the north and south sides of the city.

4. The majority of the tenants at Parkside have now relocated to alternative premises with the exception of two. These are The Bike Rescue Project a community interest company who specialise in repairing and recycling bicycles, and Ian Clewes a craftsman jeweller. Bike Rescue will be managing the Council's secure Cycle Park which will be based in the former Lendal Bridge Sub Station. The building is currently being refurbished and converted to make it suitable for the cycle park and Bike Rescue's requirements, and is due to be completed by Christmas. Bike Rescue will move their main operation into the new building although they will still have a need for ancillary storage. We have permitted Bike Rescue and Mr. Clewes to remain in occupation at Parkside on temporary agreements until a buyer is secured for the premises. Mr Clewes will relocate his business, and is aware of the need to do so.
5. The Caravan Club Ltd lease the touring caravan site adjacent to the Parkside centre from the Council and we have agreed a renewal lease with them which includes an option for a land exchange between them and the Parkside centre, to create an improved site layout, more suitable for redevelopment as indicated on the plan in **Annex 2**. On the basis that the revised site might attract a higher figure, bids have been invited for the existing site or the revised site.
6. The location of the site with river frontage, being close to Rowntree Park, the Caravan site and housing would be an attractive area for residential development and we have investigated this. However the land is within the flood plain and planning policy guidance which has tightened in recent years would preclude such development. Both the Environment Agency and City of York Planning have stated that residential development which is classed as "more vulnerable" development would not be suitable here. The marketing particulars included this information for clarification to potential developers. In view of the limitations on the site for redevelopment its value is reduced.
7. Having consulted with our planning officers and the Environment Agency, offers were invited by informal tender for the existing use or other uses such as storage, office, boatyard, leisure, non residential institution, parking etc. Offers were to be subject to survey and planning consent if required. In total 5 bids were received, the 2 lowest were told they had not been successful and the 3 highest bidders were asked to provide additional information in support of their bid.
8. The three highest bids are based on the following uses;
 - Bike Rescue are current occupiers and their proposal is to retain the existing building as light industrial workshops and storage for small businesses and community organisations.
 - The Caravan Club are seeking to either extend their lease of the adjacent site to include the site of the Parkside Centre, or to purchase the freehold of both sites from the Council.
 - HHB Investments are seeking to purchase the site for redevelopment either for workshops or an office development.

Consultation

9. Consultation has been undertaken with the Director of Customer and Business Support, Head of Legal and Democratic Services and the Area Planning Officer. Their views on the bids are included in the report.

Options

10. Details of the three bids are given in confidential **Annex 3** together with a summary table, and full details of the analysis.
11. Under section 123 of the local Government Act 1972 the Council has to accept the highest feasible bid in accordance with planning guidance etc. However the government gave a General consent order 6/2003 enabling members to accept less than best consideration when they consider this will help to secure the promotion or improvement of the economic social or environmental wellbeing of its area. The maximum allowance is £2m per transaction. Members are asked to apply these criteria to the bids received.

Corporate Objectives

12. Redevelopment and re-use of the Parkside Commercial Centre contributes towards;
 - A thriving city and a safer city - bringing a now mainly unused property back into beneficial use and occupation.
 - Effective organisation – in the re-provision of this service in a more modern and cost effective way, and raising a capital receipt from the existing site.

Implications

Financial

13. The sale of Parkside Commercial Centre will realise a capital receipt. The capital receipt will be used to support the capital programme as has already been included in the 5 year forecast approved by Council as part of the Capital programme 20010/11 to 2014/15. If the sale is greater than the current capital receipt estimate, then a reduced amount of borrowing will be required.

Human Resources, Equalities, Crime and Disorder, Information Technology

14. No significant implications

Property

15. The property implications are contained within the body of the report

Legal

16. Legal documentation will be required to ensure that the successful party enters into a conditional development agreement within 2 months of the council's decision, and then completes the sale within a further 6 months subject to obtaining planning consent if necessary.

Planning

17. The planning implications are included in **annex 3**

Risk Management

18. There are some risks associated with the sale of the property which is subject to conditions, these are summarised as follows;
19. The site is located in the flood plain and on the edge of a conservation area and the bids from the Caravan Club and HHB Investments are subject to approval by the Environment Agency and Planning. There is no guarantee at this stage that planning consent will be granted, however following consultation the planning officer comments are contained in **annex 3**.
20. The highest bid depends on consent being obtained for a larger development scheme and if this has to be scaled down the offer figure will be reduced accordingly. In addition any abnormal construction costs peculiar to this site will be deducted from the offer figure (e.g. ground conditions).

Recommendations

21. Members are asked to consider;
 - Accepting the offer from HHB Investments Ltd (Bid C proposal 2) to purchase the property for the figure stated in **Annex 3** subject to planning consent, to proceeding with the design and planning application quickly, and to deduction for any abnormal construction costs associated with the site.
 - If the sale does not proceed due to refusal of planning permission or for any other reason, it is recommended that Members approve acceptance of the

bids in the following order; Bid C (proposal 1), Bid B and Bid A subject to any planning consent being obtained.

Reason: To maximise the receipt for the site to support the approved capital programme.

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Wards Affected: Micklegate and Guildhall specifically, all generally

All Y

For further information please contact the author of the report

Background Papers:

- Annex 1 Location Plan of existing site
- Annex 2 Location plan of revised site
- Annex 3 **Confidential** – Summary of bids, analysis and plans.