

The Executive

2 November 2010

Report of the Director of City Strategy

Proposed Sale of Mansfield Street Garage, Foss Islands Rd, York

Summary

1. The purpose of this report is to:
 - Ask members to approve the disposal of Mansfield Street Garage following bids received.
 - Recommend that members sell the premises to the highest bidder for the reasons stated in Exempt Annex 1

Background

2. Mansfield Street Garage was originally acquired for a road improvement scheme which did not proceed. The property has been let within the commercial property portfolio since transferring from North Yorkshire County Council to York in 1996. The location is shown by black verge on the attached plan and is isolated from other Council land ownership on Redeness Street, to the rear and at a higher level (hatched black). The land at Redeness Street is let on separate 99 year ground leases for commercial/industrial business use.
3. The garage was let commercially to 2008, then used by Neighbourhood Services until they vacated in March 2010. The property was marketed 'to-let' at offers around £5,000 per annum.
4. After a period of letting, four applications to lease the property were received. At the same time, the owner of the adjacent properties expressed a desire to purchase the garage from the Council. The applicant stated that he was intending to apply for planning permission to redevelop his current site. He required the Council property to provide extra car parking and facilitate this development.
5. Following the offers received for re-letting, The Director (CBSS) had requested that in the current economic climate, we should consider increasing capital receipts where the return on capital value is less than 8%. Mansfield Street Garage is in poor condition and significant spending would be required in the near future to keep the building in a lettable condition. On this basis and as a potential special purchaser had emerged, it was decided to write to all

applicants and ask if they were interested in purchasing the property and if so, to indicate their offer.

6. In its present condition, the property is valued at c£50,000
7. Two offers were received for the property, these are listed in Exempt Annex 1
8. Foss Islands Rd is not designated for business use in the local plan, however it is being considered as a future comprehensive area adjoining the City Centre. The sale of this small site isolated from other Council ownership will bring forward potential redevelopment without prejudicing the larger scheme and which will focus more on the new James Street link road and Redeness Street at the rear.

Consultation

9. Highways – There appears to have been an historic intention to create a turning head at the end of Mansfield Street. Details of the scheme are contained in the Draft Local Plan April 2005, however the plan shows this to be to the north of the garage site. A turning head has not advanced in being a transport priority in the last ten years.

Forward Planning – The garage is within a developable area of Foss Islands Road in that it is surrounded by low quality, largely outdated premises. The site has no designation in the Local Plan for employment use, but it retains close links. The Employment Land Review does not identify the area as a priority site for employment led redevelopment. There would be no objection to the garage uses continuing but it should not prejudice the overall long term intention to redevelop the area for good quality small office units and offices.

Options

10.
 1. Sell
 2. Retain and let prior to redevelopment

Analysis

11. Analysis to sell in Annex 2

Corporate Objectives

12. Redevelopment of Mansfield Street Garage contributes towards:
 - A thriving city & safer city – Bringing a mainly unused building into beneficial use, owned by a local business creating new job opportunities.
 - Effective Organisation – Raising a capital receipt from a building in need of repair

Implications

13. **Financial** – Disposing of this asset will generate a capital receipt. The proceeds can be applied to fund the capital programme thus generating a small revenue saving. This saving represents the cost saved by financing the capital programme using a capital receipt as oppose to prudentially borrowing, which brings with it a cost of interest and a cost of creating a provision to repay debt. This saving is the difference between the income from rental foregone and the associated borrowing costs to fund the capital programme to the equivalent value of the receipt. The income budget target for Property Services in relation to this property if £5,000 will be removed and compensated for, by the achievement of a larger saving from the costs of avoiding having to borrow
- **Human Resources (HR)** - No significant implications
 - **Equalities** – No significant implications
 - **Legal** – No significant impact
 - **Crime and Disorder** – The potential for crime & vandalism is reduced with a property being bought back into use.
 - **Information Technology (IT)** – No significant implication

Risk Management

14. There are no known risks with the proposed sale

Recommendations

15. Members are asked to consider:
- Accepting offer A to purchase the property for the figure reported in Annex 1
 - Approve the sale proceeds to be used to fund the capital programme thus generating a revenue saving to the Council

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Report Approved Date

Wards Affected: Heworth

All

For further information please contact the author of the report

Background Papers: None

Annexes

- Annex 1 – Plan of the area
- Annex 2 – Analysis of sale
- (Exempt) Annex 3 – Details of offers