

KENT COUNTY COUNCIL – RECORD OF DECISION

DECISION TAKEN BY:

Gary Cooke – Cabinet Member for Corporate and Democratic Services

DECISION NO:

14/00155

Exempt – not for publication. Paragraph 3 of the Schedule 12a of the Local Government Act 1972, as amended refers.

Key decision

This decision is key as the total expenditure for the project is over £1,000,000 and the leases being issued are over 20 years which are not covered by the Property Management Protocol.

Subject:

Disposal of five leasehold interests for 125 years at market value for all units in the Nautical Mews development in Cliftonville, as part of the Live Margate regeneration programme.

Decision:

As Cabinet Member for Corporate and Democratic Services, I agree to the disposal of five leasehold interests for 125 years at market value. At a figure between £175,000 and £195,000 or within a 15% margin of this range.

Reason(s) for decision:

Live Margate provides a focused approach to the housing market in the intervention area by acquiring empty and poor quality large properties, including Houses of Multiple Occupation such as the Hotel Leslie and transforming them into quality family homes.

The Nautical Mews development is a joint initiative between the Homes and Communities Agency and Kent County Council. Originally purchased by Thanet District Council, the Leslie Hotel was known to be one of the most deprived residential units in the area. Home to approximately 50 occupants in cramped and substandard accommodation, the former hotel had become synonymous with the exploitation of a vulnerable demographic.

The proposal involved the redevelopment of the aging former hotel into three 4 bedroom terraced and two 3 bedroom mews-style houses. The units were independently valued by three agents who were interviewed to establish what they would bring to the programme Milton Ashbury, Ward & Partners (New Homes) and LSL Property were asked for quotes and values.

With Ward & Partners offering the most comprehensive package and at the lowest fee they were an obvious choice for the instruction. Marketing for the units started shortly before completion with the agents preparing prospective tenants for the development. This meant that the open day at the mews was well attended.

All the agents valued the properties at a level below KCC's expectations so all unit starting prices were increased by £15,000 each.

Owner occupiers are planned to take over the units due to the structure of the agreements, it is possible that they could be acquired for investment but they would need to remain in use as a whole family unit which is in line with the programme's aims. The Live Margate Board have been informed and agreed with the proposal to dispose of the unit and the chosen method of disposal and have agreed.

The HCA who part funded the acquisition of the Leslie Hotel are expecting KCC to reinvest the funding supplied by the agency into similar projects in Margate. The HCA will want to have evidence of profits and expenditure, and later an involvement /an awareness of how KCC plan to invest the capital created from the sale of the units.

The units will have a long-term 'leasehold' interest sold so that KCC retain an element of control for how the units are used. Due to the proposed length of the leasehold interest KCC will achieve all of the freehold value upfront. As the deal is structured, it is likely to encourage owner occupiers to purchase the units.

The Director of Property and Infrastructure Support is authorised to finalise the contract terms within the above figures or within a 15% margin.

Cabinet Committee recommendations and other consultation:

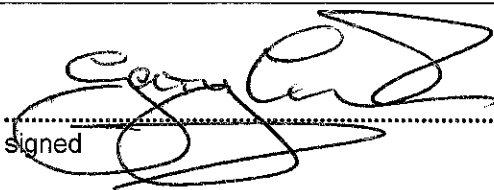
The Cabinet Committee resolved that the Cabinet Member's proposed decision to agree the disposal of five leasehold interests in the terms set out in the exempt report and to delegate authority to the Director of Property and Infrastructure Support to adjust the final terms, if necessary, to conclude the transaction, be endorsed;

Any alternatives considered:

Disposing of the freehold of all of the five units was considered but enforcing positive and restrictive covenants on the new owners (particularly to avoid multiple sub-lets) was thought to be too difficult to administer based on KCC legal advice.

Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:

None


signed

6/10/2015
date