



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Asset Management: Disposal of land at Glen Road adj St Teresa's GAC
Date:	Friday 20 November 2009
Reporting Officer:	Mr Gerry Millar, Director of Improvement (ext. 6217)
Contact Officer:	Ms Cathy Reynolds, Estates Manager (ext. 3493)

Relevant Background Information

The Strategic Policy & Resources Committee, at their meeting on 19 June 2009, agreed to the proposed disposal of a 1.54 acre site at Glen Road (adj. St Teresa's GAC) to Oaklee Housing Association for £750,000. Location map enclosed as Appendix 1. Oaklee Housing Association propose to develop a social housing scheme of 18 units. A portion (0.696 acre) of the lands being sold is currently held by St Teresa's GAC under a 99 year lease from the Council, as part of a lease of other lands. The sale to Oaklee Housing Association and the development of the proposed social housing scheme is dependent upon St Teresa's GAC surrendering this portion of their leased site back to the Council, who would then dispose of the larger 1.54 acre site to Oaklee Housing Association.

The Strategic Policy & Resources Committee had previously agreed (at their meeting on 19 June 2009) to the payment of a premium of £103,000 to St.Teresa's GAC in return for the surrender of this leased portion. St Teresa's GAC have however requested a longer term rental agreement in lieu of the £103,000 premium, and in order that they can have more certainty in terms of future financial commitments, they wish to offset the £103,000 in lieu of a fixed rent for the remaining leased site. In this instance the Council would have the benefit of the full capital receipt including the £103,000.

St Teresa's GAC currently pay a rent of £4250 p.a. although there is an outstanding rent review which was to be settled as part of the surrender agreement. At the time these lands were leased to St Teresa's GAC they were undeveloped and all works to develop playing pitches etc were undertaken by St Teresa's GAC at their expense. The user clause in the lease is restricted to playing field purposes.

Provisional agreement has subsequently been made with St Teresa's GAC, subject to Committee approval, to fix the rent at the equivalent of the current passing rent of £4,250 p.a. over the remaining lease term, on the basis of £2,250 p.a. for the first 25 years and £5,112 p.a. for the remainder of the lease term thereafter. No premium is payable to St Teresa's GAC in this instance, and from the Council's perspective, in valuation terms the benefit of the £103,000 capital sum now as against a future (uncertain) rental uplift is supportable.

It should also be noted that as a result of the proposed disposal to Oaklee the existing car parking area serving the Travellers' Liaison Office and the Portacabin Facility leased to An Munia Tober (both of which are located on the Council's adjoining retained lands) will require some realignment, and it is proposed that the cost of these fairly minor works is covered from the sale proceeds. It is unlikely that the cost of these works will exceed £5,000.

Key Issues

- St Teresa's GAC will surrender a portion of their leased site to facilitate the proposed disposal of the 1.54 acre site from the Council to Oaklee Housing Association.
- In return for the surrender St Teresa's GAC will have a fixed rent for their retained lands over the remaining lease term at the equivalent of the passing rent of £4,250 p.a, on the basis of £2,250 p.a. for the first 25 years and £5,112 p.a. for the remainder of the lease term thereafter.
- The Council will receive the full capital receipt from Oaklee Housing Association of £750,000, less the cost of minor alignment to provide revised car parking arrangements for the Council's retained lands (cost anticipated to be less than £5,000).
- If the proposed disposal does not proceed in the next few weeks Oaklee Housing Association have advised that this will result in funding difficulties which could mean the scheme or the disposal not proceeding.

Resource Implications

Financial:

Disposal of the land will result in a capital receipt of £750,000 for the Council, which could be used in furtherance of the City Investment Framework or other corporate priorities.

Human Resources:

Staff resource in Estates Unit & Legal Services to bring forward the proposed disposal.

Asset & Other Implications:

Disposal of this surplus site for a capital sum and redevelopment with a social housing scheme represents a better use of resources and accords with effective management of the Council's assets.

Recommendations

The Committee is asked to grant approval to the surrender by St Teresa's GAC of a portion of their leased site on the basis that the rent on their retained lands is fixed at £2,250 p.a. for the first 25 years and £5,112 p.a. for the remainder of their lease, subject to appropriate legal agreement being drawn up by the Legal Services Department; and to approve the cost of the minor realignment of the parking arrangements for the Council's adjoining lands to be covered from the proceeds of the capital receipt of £750,000.

Decision Tracking

Director of Improvement to ensure disposal process is completed within 3 months.